

The Public Manager

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Forum

The Next
President's Management
Agenda

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Cisco's Internet Business Solutions Group suggests how the forty-fourth president can transform government operations.

Forum:

The Next President's Management Agenda

Introduction to the Special Issue

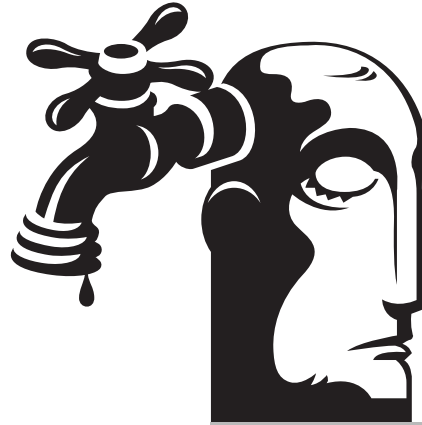
by Simon Willis

The Cisco Internet Business Solutions Group (IBSG) is the company's global strategy, innovation, and advisory group. It helps Fortune Global 500 companies and leading public-sector organizations improve customer and citizen experience, create better public services, and increase efficiency or revenue growth by transforming the way they do business. IBSG designs innovative business processes and then integrates advanced technologies into visionary road maps that optimize results. Drawing on a unique combination of previous experience, business acumen, and technical knowledge, IBSG consultants work as trusted advisers to many of the world's leading organizations.

IBSG was rooted in and continues to draw on Cisco's experience and learning—from applying connectivity and collaboration technologies to its own business processes to benchmarking and integrating best practices from around the world. Working with the most innovative companies and governments worldwide, it has developed into an inventive think tank and incubator of transformational strategies. IBSG does not charge its internal or external customers, which gives it the freedom to advise them unencumbered by the incentives that drive many consultancies. It does not sell or recommend Cisco products or solutions. It is judged solely by the quality of the advice it provides its customers.

The tools, practices, and prophecies contained on these pages seek to contribute to a management agenda for the incoming forty-fourth president of the United States. This next president has the opportunity to set policy that improves government operations and execution. This special issue of The Public Manager outlines how it can be done. We hope these articles can begin an important dialogue in the months leading up to Election Day and during the transition that follows. If the dialogue begins, we in IBSG will have achieved our ends.

Simon Willis is vice president, Public Sector, IBSG, Cisco Systems, Inc.



Forum:
The Next *President's* Management Agenda

Tapping into Knowledge and Experience: The Cisco IBSG Initiative

by Alan P. Balutis and Mark A. Abramson

Unlike the private sector, where a chief executive officer (CEO) might leave unexpectedly or precipitously, the federal government knows exactly when its current CEO will leave and the new CEO and management team will arrive. In this case, a new team will arrive in Washington on January 20, 2009. Throughout the first year, this new administration will formulate and implement a new, far-reaching policy agenda and will develop management initiatives designed to better implement the agenda and improve the operations, effectiveness, and efficiency of the government.

In anticipation of the new administration's management initiatives and with a desire to contribute to their impact, the Internet Business Solutions Group (IBSG) at Cisco Systems, Inc., began an eighteen-month initiative in mid-2007 to tap into the knowledge and insights of individuals from different sectors who had direct experience managing our government. IBSG developed a four-part initiative, consisting of small group seminars, a publications program, coalition and collaboration activities, and a Web site devoted to new ideas in government.

Year-Long Seminar Series

First, IBSG convened experts in small group seminars over the course of a year. The goal of these seminars was to tap into the collective wisdom of seasoned, proven experts in handling the challenges of management in government to give the new administration access to this knowledge and experience.

The architects provide an overview of the four-part initiative—consisting of small group seminars, a publications program, coalition and collaboration activities, and a Web site devoted to new ideas in government.

- ◆ Participants in the seminars included individuals managing in government or serving as congressional staff members,
- ◆ working with government in a private-sector role,
- ◆ studying or having studied government, and
- ◆ previously serving in government, including those with firsthand experience dealing with developing management initiatives in previous administrations.

To date, almost 100 people have participated in the seminar series (box, next page). Nearly one-third are from the federal government, where they held positions such as departmental chief information officers, chief human capital officers, or chief financial officers. Another 15 percent are recent retirees from the federal government, who, during the seminars, had the opportunity to reflect on their careers in government and to present their views on reforms needed for the next generation of public managers. Thirty percent came from the academic or nonprofit communities, where they are undertaking research on the management of government. Finally, a little more than 20 percent come from the private sector, including people who work closely with government, many of whom held senior positions in government before joining the private sector.

IBSG invited a well-known expert to kick off each of the seminar discussions. To date, seven seminars have been held (box, at right).

Publications Program

The second part of the IBSG initiative was to launch a partnership with *The Public Manager* and other journals to publicize and distribute findings and insights from the seminar discussions and individual experts. For example, individuals who participated in the seminars were invited to prepare articles for two issues of *The Public Manager*. Those articles appeared in the winter 2007–08 and spring 2008 issues of the journal and are reprinted in this special issue. In addition, we have been involved in blogging on sites such as NextGov (sponsored by *Government Executive* magazine), MeriTalk (sponsored by The Telework Exchange), and theConnectedRepublic (sponsored by IBSG).

Alan P. Balutis, a distinguished fellow and director of the Cisco Business Solutions Group, served in government for more than 28 years. With the assistance of Mark Abramson, he developed and organized the seminar series described in this forum. He can be reached at abalutis@cisco.com. Mark A. Abramson is president, Leadership Inc. He has served as the executive director of the IBM Center for the Business of Government and as the president of the Council for Excellence in Government. He can be reached at mark.abramson@comcast.net.

The Cisco IBSG Seminar Series

Seminar One: Developing the Next Management Agenda

Discussion Leader: Mark A. Abramson, President, Leadership Inc.

Seminar Two: The Transformation of Government in the Decade Ahead

Discussion Leader: Steven Kelman, Professor, Harvard University

Seminar Three: The Next Government of the United States

Discussion Leader: Donald Kettl, Professor, University of Pennsylvania

Seminar Four: New Ways of Managing: Bureaucratic Government, Government by Network, and Government by Market

Discussion Leader: Elaine Kamarck, Lecturer, Harvard University

Seminars Five and Six: Rethinking Human Capital

Discussion Leader: Steve Benowitz, Center for Transformation and Social Innovation

Seminar Seven: The Need for Intergovernmental Collaboration

Discussion Leader: Robert O'Neill, Executive Director, International County and City Managers Association

Public-Sector Collaborations

The third part of the IBSG initiative is to work closely with other organizations in public-sector management to jointly support innovative ideas to improve government and the delivery of services to the public. Over the next year, IBSG will collaborate with the following organizations: the Government Performance Coalition, IBM Center for the Business of Government, Council for Excellence in Government, Mercatus Center at George Mason University, Partnership for Public Service, National Academy of Public Administration, American Society for Public Administration, Center for American Progress, Heritage Foundation, American Enterprise Institute, Brookings Institution, Center for the Study of the Presidency, Reason Public Policy Institute, In-

dustry Advisory Council, Progressive Policy Institute, and others. This coalition building effort is already underway.

Web Site

Finally, the IBSG initiatives include a Web site (www.newideasforgovernment.org), to which individuals inside and outside of government are invited to submit new ideas to improve the management of government. The site has been established and is being publicized in conjunction with Federal News Radio and WTOP radio. IBSG will collect the ideas submitted and publish a report that presents the best of them before the new administration takes office. We encourage readers of this special issue to participate in the discussion by logging into the Web site and presenting their own ideas for the new administration.

The start of the new administration in January 2009 gives us all an opportunity to reexamine, reevaluate, and present new ideas regarding the management of government. The IBSG initiative is attempting to tap into the knowledge and experience of the government management community to assist the coming administration in developing new approaches to management in government. Over the next year, the IBSG will

- ◆ continue and expand the seminar series,
- ◆ pursue additional print and media outlets to distribute our findings and recommendations,
- ◆ reach out to the presidential campaigns and key management and technology advisors,
- ◆ orchestrate a broad coalition for change that can coalesce around a “management manifesto” for the new president and administration, and
- ◆ solicit the “wisdom of the crowds” through www.newideasforgovernment.org.

Partial List of Seminar Attendees

Mark Abramson, President, Leadership Inc.	Lynn Eddy, Deputy Chief Information Officer, Department of the Treasury	Dan Mintz, Chief Information Officer, Department of Transportation
Ken Allen, Executive Director, ACT-IAC	Scott Fosler, Visiting Professor, University of Maryland	Shirl Nelson, Fellow, Acquisition Solutions, Inc.
Steven App, Chief Financial Officer, Federal Deposit Insurance Corporation	Dagne Fulcher, former government HR executive	Chris Niedermayer, E-Government Executive, Department of Agriculture
Robert D. Atkinson, President, Information Technology and Innovation Foundation	John Goggin, Cisco Systems	Steve O'Keefe, CEO, Telework Exchange
Alan Balutis, Cisco Systems	Ruth Greenstein, Institute for Defense Analysis	Robert O'Neill, Executive Director, ICMA
Stephen C. Benowitz, CTSI	Von Harrison, Human Resource LoB Manager, General Services Administration	John Palguta, Vice President, Partnership for Public Service
Dan Blair, Chairman, Postal Regulatory Commission	Doris Hausser, Former senior executive, Office of Personnel Management	Glenn Perry, Director, Contracts and Acquisition Management, Department of Education
Clint Brass, Congressional Research Service	Michele Heffner, Director, CIO Council Management Staff, General Services Administration	James Pfiffner, Professor of Government and Politics, George Mason University
Allan Burman, President, Jefferson Solutions	Ira Hobbs, former government CIO at USDA and Department of the Treasury	Greg Prillaman, Consultant and former Chief Human Capital Officer, Department of Homeland Security
Robert Burton, Associate Administrator for Acquisition Policy, Office of Management and Budget	Thomas P. Hughes, Chief Information Officer, Social Security Administration	Michael W. Rawlings, Senior Faculty, Office of Personnel Management
Michael Carleton, Chief Information Officer, Department of Health and Human Services	Elaine Kamarck, Lecturer in Public Policy, Harvard University	Neil Reichenberg, International Public Management Association for HR
David Carr, Cisco Systems	Steven Katz, Partner, KPMG	Steve Ressler, Department of Homeland Security
Kevin Carroll, Program Executive Officer, Department of the Army	Steve Kelman, Weatherhead Professor of Public Management, Harvard University	Michael Sade, Assistant Commission, General Services Administration
Gerald Charles, Cisco Systems	Neil Kerwin, President, American University	Robert Shea, Counselor to the Deputy Director for Management, Office of Management and Budget
Robert Childs, Dean of the IRM College, National Defense University	Donald Kettl, Professor, University of Pennsylvania	John Sindelar, Client Industry Executive, EDS—Global Government Industry
Steve Cohen, Former senior executive, Office of Personnel Management	John Koskinen, former Deputy Director for Management, OMB	Hannah Sistare, NAPA
Karen Cyr, General Counsel, Nuclear Regulatory Commission	Mark Krzysk, Deputy Director, Business Transformation Office, Department of Defense	Nancy Tate, Executive Director, League of Women Voters
Robert Danbeck, Associate Administrator, Small Business Administration	Paul Lawrence, Director, MITRE Corporation	Thomas R. Temin, Federal News Radio
Patrice D'Eramo, Cisco Systems	Deidre Lee, Director of Management, FEMA	Fred Thompson, former government HR executive
Deborah Diaz, Deputy Chief Information Officer, US Patent and Trademark Office	Michael McCarthy, House Committee on Oversight and Government Reform	Sara Thompson, Professor, The Catholic University of America
Martha Dorris, Deputy Associate Administrator for Citizens Services, General Services Administration	David L. McClure, Research Director for Global Public Sector Research, Gartner	Robert Tobias, Professor, American University
Jenna Dorn, President, National Academy of Public Administration	Chris Mihm, Managing Director, Strategic Issues, Government Accountability Office	William Trahan, National Government Leader, Watson Wyatt

Introduction and Overview

by Alan P. Balutis

The new president coming into office on January 20, 2009, will face what the current head of the U.S. Office of Personnel Management has called a “retirement tsunami.” Over the next five years, the government will lose more than 550,000 employees. The market for recruits has never been more competitive, and government recruiters are locked in a fierce contest with the private sector.

For government procurement, a wave of retirements could be especially critical, with about \$400 billion a year in spending and not enough midcareer professionals left due to budget and staff cuts in the 1990s. Although the federal acquisition workforce remains largely flat—increasing about 3 percent since fiscal year 1999—federal contracting dollars more than doubled in the same period.

Because of efforts to downsize the federal workforce without similarly reducing its functions, the government has come to rely on the private sector. As a result, the number of contract workers has grown to 7.5 million, four times the size of the federal civilian workforce.

Never before have we so badly needed new and big ideas on government management, and never before have we so badly needed strong managers and leaders in government. Never before have we been so bereft of both. Or so argues Donald Kettl in the opening article of our forum and other contributors, who provide some of those needed “new and big ideas” on government management. These authors were part of a luncheon seminar series organized this past year by Cisco’s Business Solutions Group, the company’s global consulting arm. In this winter issue, we outline where and how our next government should differ. The ideas can be grouped into three categories: human resources (HR), technology, and a vision for twenty-first-century government.

Human Resources

Fred Thompson, a highly regarded former government HR executive, calls for broad-based reform in the federal civil service and notes, “A new president has a unique opportunity to leave a lasting legacy by taking bold actions to improve the ability of government to attract, retain, and develop a topnotch workforce.”

Technology

John Sindelar, an early e-government stalwart, argues that the future is inevitable in terms of e-government reshaping the way we carry out our business. More work needs to be done to overcome resistance within agencies and to strengthen the partnership with the Congress to improve government’s performance. Dan Mintz, chief information officer at the U.S. Department of Transportation, outlines a vision for Government 2.0, which “represents a better and more robust way of achieving timely and creative interaction with our stakeholders, in particular the American public.”

Vision

Two boomers and a Gen Y—Stan Boddie, Robert Childs, and Jeanne Con-tando—collaborate to paint the vision of a future workforce unconstrained by time, space, and traditional organizational boundaries—with significant implications for government organizations and their leaders. Martha Dorris, one of the real visionaries in government today, draws on reports from twenty-five nations to chart trends and innovative approaches in transforming government’s delivery of services to its citizens.

In the spring issue, we will continue this dialogue with a series of articles on how we should go about accomplishing a transformation—what the president and executive management team should do differently and the topics that deserve their attention early in the first term. There is no reason the government cannot operate with as much speed, responsiveness, and resiliency as the private sector. In fact, there is no reason government should not be the leader when it comes to technology adoption, human capital management, and service delivery. We hope this two-part forum will constitute a start in outlining a new twenty-first-century government and what needs to be done to get there.



Alan Balutis is a director and distinguished fellow in the Internet Business Solutions Group, Cisco’s global consulting arm (www.cisco.com). The views expressed in this article are those of the author and do not represent those of the Internet Business Solutions Group or of Cisco Systems, Inc. He can be reached at abalutis@cisco.com.



Forum:
The Next President's Management Agenda

Paradoxes of Management Reform

by Donald F. Kettl

No self-respecting president can enter office without a management plan. Not that ordinary Americans expect it, most know little and care less about who delivers their public services and how. (Nor should they: public-sector transparency means that operations ought to be open to public view, not that everyone has to look.) A management plan, however, conveys important signals to key players. The federal executive branch's 2.6 million employees look for clues about where the new boss will take them. Private consultants tune their radar in search of new opportunities. Most important, those who follow the broad strategies of government management seek to divine how the new president will approach the job of chief executive, where priorities will lie, and what tactics the president will follow in pursuing them. Management matters; with each new administration, the fresh question is how.

Three Paradoxes

As we prepare for this question yet again, three large paradoxes loom. For the new president not to present a management agenda would be highly unfashionable, but guessing what it might be, and what it should be, is far tougher than in the past. More important, the agenda—there will and, indeed, must be one—will have to cope with these three knotty paradoxes.

Can the next administration muster the intellectual capital to cope with the complexities of our modern government?

Where's the Big Idea?

First, the management of the federal government has never been more important, but the intellectual capital for framing the management agenda is very low. In the aftermath of the September 11 terrorist attacks, the constant refrain was that government needed to be far better managed. Congress and the Bush administration created the Department of Homeland Security to do just that, but it badly fumbled its first test. "Everything has changed," everyone said after September 11. In fact, not nearly enough changed. Katrina, however, is likely to do what September 11 could not: make the inescapable case for paying close attention to government management.

The focus on management has tightened, but the stock of ideas for improving it has not increased. For the first time in more than a generation, no obvious "big idea" resides at the executive branch's core. Eisenhower came into office with the Second Hoover Commission. Kennedy brought in Robert McNamara's "whiz kids" and their management ideas from Ford. Johnson followed with the Planning, Programming, and Budgeting System, which Nixon transformed into Management by Objectives. Carter had Zero-Base Budgeting. Reagan committed to privatizing the government, which Bush 41 continued. The Clinton administration had the National Partnership for Reinventing Government, and Bush 43 gave a speech in July 2000 focused on "citizen-centered, results-oriented and, wherever possible, market-based" government.

The big ideas often look sharper in retrospect than they appear at the time, but avoiding the conclusion that no big, obvious next step in the management agenda is in the offing is impossible. In part, it's because candidates don't talk much about management early in the campaign (although Clinton and Bush had both floated management ideas more than a year before the November election). In part, it's because the stock of intellectual capital on management reform has been seriously depleted. Katrina was a sharp slap in the face of those who study and perform government management. Never has American history seen a time when management has been more important but the stock of new ideas has been so

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thin. That the new president will have to do something is clear; unclear is what the new president will do.

Where's the Leverage?

The second paradox: government programs and the agencies that operate them are becoming more complex, but the government lacks the leverage to make them work. Federal Emergency Management Administration (FEMA) Administrator Michael Brown became the focus of widespread criticism for his response to Hurricane Katrina. President Bush endured ridicule for saying "Brownie, you're doing a heck of a job," when even casual watchers of cable news knew that was not the case. A closer look reveals that the storm overwhelmed New Orleans and Louisiana state officials as well. FEMA had responded fairly well to a series of hurricanes in previous years. Government managers were caught flatfooted in their response because they found their usual routines left them far short of what they needed to leverage effective action amid Katrina's devastation.

The problem has spilled over into other policy areas. Pet owners asked why the Food and Drug Administration had not prevented tainted food from poisoning their animals. Problems with spinach and hamburger led consumers to ask why the U.S. Department of Agriculture was not stopping dangerous food from reaching supermarkets. The Consumer Product Safety Commission faced similar questions when Mattel recalled millions of toys. Why had the government not been more effective in ensuring the safety of products?

The answer in part is that Americans want it both ways. They want a small, cheap government that stays out of their way but protects them from harm. In part, the problems flow from the great difficulty government officials have in finding a way to exercise effective leverage over an increasingly complex system. Some of the lead paint that made its way onto Mattel toys came from subcontractors in China, which shipped leaded paint to manufacturers in violation of their contracts. The finished toys, wrapped in ready-to-sell boxes, ended up on American shelves. American government regulators could obviously not station their own inspectors all along this extended supply chain. In this and in other service systems, short-circuiting unsafe practices requires government to find new ways of safeguarding the public. The problem is that the complexities of government operations—and the problems citizens expect govern-

ment to solve—have evolved faster than government’s ability to solve them.

Where Are the Leaders?

Third, the strategies most likely to produce the needed leverage depend on government leaders, but the institutional capacity of government to produce leaders is weak. Even amid the tremendous complexity of many government programs, some leaders have distinguished themselves. Coast Guard Admiral Thad Allen, for example, did what others had not: he stabilized the government’s halting response to Katrina by reaching across organizational boundaries to solve problems. Two things distinguished his work. One was its quick and powerful impact. The other was that it was unusual, for others had tried and failed to get the government’s response on track. The Coast Guard was able to respond effectively because it had developed a self-conscious program of learning from past problems and training its leaders to deal with future ones. Its focus on the people side of managing complex problems is distinguished for its effectiveness—and for how unusual it was within government.

The government doesn’t lack good leaders. In fact, it is full of imaginative and energetic executives, but too rarely does that happen by design. Top elected officials have regularly called administrators the problems rather than the solution, and too often the goal is to reduce the bureaucratic body count rather than right-size the government for the problems it must solve. We sometimes are lucky to get the right leaders in the right places when we need them, like Thad Allen, but the odds are stacked against doing so predictably. Too often, as a result, the government does not perform well.

Keeping Pace with Change

At its core, public management is the task of figuring out strategies for doing hard things in a steady, high-quality way. The managerial reformers of the early twentieth century, in fact, sought to design systems that did not depend on the idiosyncrasies of the people working in organizations. The pursuit of the “one best way,” together with the invention of the assembly line, was to insulate administrative performance from work-

ers’ vicissitudes. Predictability—and performance—lay in process and structure.

The problem is that twenty-first century government has outstripped this traditional focus. Problems evolve more rapidly than we can reorganize bureaucracies to keep up with them. Rules and procedures tend to lag behind rapidly evolving policy puzzles, from E. coli contamination of foods to the threat of global pandemics. For better or worse, we have evolved to the point where administrative leadership matters more than it ever has because only nimble leaders can help the governmental system adapt faster than problems mutate.

At its core, public management is the task of figuring out strategies for doing hard things in a steady, high-quality way.

This is government’s central problem—a difficult one around which to build a political campaign that appeals to voters or even a management agenda that speaks to the cognoscenti. Bold targets—like slashing the number of government workers or the count of government contractors—have far more sizzle. Focusing on the wrong problems not only misses the chance

to solve the right ones, but makes building government’s capacity to do what citizens expect far more difficult—by diverting its resources, scaring away good managers, and creating powerful disincentives for the creative leadership government needs. Managing government well has a few rewards, but September 11 and Katrina make it increasingly clear that management failures can impose severe political punishment.

Conclusion

We now circle back to the first paradox, the depletion of our intellectual capital when we need it most. We might not know just how to frame a new management agenda around the creation of strong and nimble leaders. Certainly, this agenda might not pack enough political punch to be the lead card in a new administration’s initiatives. Not dealing with this paradox, however, has predetermined results.

The next president will face a major, unanticipated crisis with deep administrative dimensions. The failure to resolve it will tarnish the president politically, perhaps—in the post-September 11 and -Katrina debris—in ways from which the chief executive may not be able to recover. The imperative lies in building intellectual capital fast enough to prevent this from happening.

Looking Ahead— A Human Resources Strategy

by W. Frederick Thompson

The current federal workforce is about to undergo a radical change. Because of low hiring levels associated with budget cuts in the 1980s and 1990s and the movement to private contractors to furnish government services, the workforce—especially its top leadership—is rapidly graying; it's no secret that many are eligible for retirement. If Congress limits pay raises or if workers become concerned with retirement rule changes ahead, skills and experience could depart at a rate never seen before.

Polls and studies have shown that a new generation of worker is attracted to government missions but shuns bureaucratic systems that do not reward individual accomplishment. A loss of experienced workers, coupled with an inability to attract and keep the best talent, will create a crisis in civil service performance and a problem for all American citizens.

The president elected in 2008 will have a new policy agenda, the success of which will rely on the capability and performance of the employees of the federal workforce. A well-planned, decisive civil service reform strategy may not only avert a coming crisis, but could make the civil service more productive and results driven than ever before.

Attack One Problem at a Time

Both policy and management challenges face the next president. Foreign policy, the war on terrorism, the economy and trade, the environment, health policy, and the growing cost and inadequate funding of entitlement programs will all compete for attention. In this context, focusing on a management agenda is difficult, but this issue needs the same attention as broader policy issues.

Many human resources challenges must be addressed to improve an administration's ability to carry out the laws with which it is entrusted. However, President Carter's 1977–78 effort to highlight civil service reform as a critical first step in presidential leadership should serve as an object lesson for the next president. Most citizens are not concerned or knowledgeable about what they view as government bureaucracy. Changes and improvements that were achieved by the Civil Service Reform Act of 1978 did little to promote public confidence or support for the Carter administration.

The next president can take six innovative actions to handle the impending demographic and performance crises.

Policy must lead and be the centerpiece of the new administration's legislative agenda, and management must play a secondary and supporting role, so investing too much political capital too soon in a comprehensive plan is inappropriate. Taking on smaller issues and addressing them one at a time would be better. Attracting the modern workforce calls for changes in rules about worker mobility and flexible schedules, employee recruiting and selection, and workplace discipline. However, the first and most important step toward all of these actions is to create a rational compensation and leadership structure. We can do so by learning from the past and not fighting battles from which no winners emerge.

Abandon Old Fights

The president should abandon old fights about union representation that have not achieved "victories" for either side. One key to passing the Civil Service Reform Act, which created the U.S. Office of Personnel Management (OPM) and the Senior Executive Service (SES), was the agreement of a Democratic administration to elevate civil service labor relations from executive order status (which could be revoked by an incoming president) to the force of law. Unions hoped that a Federal Labor Relations Authority, a Merit Systems Protection Board, and increased opportunities to redress grievances in the courts would improve their stature and better protect their members. Unions achieved their desired structural changes, but fell short of their goals of a fundamentally different relationship with agency management.

The 9/11 tragedy and the creation of a new U.S. Department of Homeland Security (DHS), combined with a Republican Congress and president, resulted in the enactment of legislation that reduced the role of employee unions in both DHS and the Department of Defense (the National Security Personnel System). However, in both agencies, unions have appealed aspects of these laws to the courts, frustrating full implementa-

tion. Agency managers have not always participated in the full consultation and partnership envisioned by the lawmakers as part of the road to implementing these laws, and the flexibility and freedom the agencies sought was not fully realized. Both "pro-" and "anti-" union forces won great victories at different times, and neither "victory" has done much to change the civil service. Employees will organize and support unions when they feel that they are poorly treated. A better strategy for the future would be to engage employees and unions in the design of future solutions that all agree are fair and offer appropriate redress of arbitrary or unfair treatment.

Challenge Outdated Assumptions

Substantial progress can be made in federal personnel systems if we reexamine the assumptions behind them and build a new structure that recognizes the needs and interests of twenty-first-century workers and that they will move between federal and private-sector jobs. Trying to make incremental changes in pay and performance structures within the constraints of current systems and pay laws creates zero-sum conflicts that cannot be resolved. For instance, cancelling within-grade or inflation adjustments at one agency to fund performance improvements, while a sister agency or a related part of the workforce keeps the old structure intact, is unfair and unreasonable. The underlying approaches are outdated and need to be changed. Only then can we move government to a more market-based job grading system that promotes participation of the new multistage-career, results-oriented worker the federal government needs to attract. Table 1 outlines some assumptions implicit in the current General Schedule pay system and proposes changes.

Move to an Occupational, Market-Based System

The Classification Acts of 1923 (for headquarters positions) and 1949 (across the executive branch) established the basic federal pay system that set the General Schedule. When put in place, this structure covered 96 percent of federal positions. Since then, positions covered by the General Schedule have steadily eroded as it failed to meet agency needs, and agencies and their allies sought relief from the Congress. Financial institutions have gotten exemptions, and particular agencies (U.S. Securities and Exchange Commission, DHS, etc.) have been allowed to modify the system and gain ex-

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Table 1. Current System Assumptions and Changes

Current structure	Implied assumption	Innovation
Specific General Schedule grade structure with fifteen defined levels up to the senior executive	The job skill, ability, and knowledge characteristics in each occupation are significant enough to establish ten or more discrete levels.	A broad structure of three to four levels of job mastery—with a wide range of salary levels to match individual contributions—would better serve the workforce.
442 white-collar occupations in twenty-three groups	The uniqueness of the federal government requires a detailed structure equivalent to all occupations (twenty-three major groups) maintained for all U.S. jobs by the Bureau of Labor Statistics.	Most agencies have a much smaller subset of occupations. If OPM maintained the occupations that all agencies have and each agency or related agency group had special authority for its unique positions, private and government pay would be more equitable and better balanced.
Ten steps in each grade level	All people increase their proficiency in a job at an equal rate over time. After six years, one has moved from trainee to journeyman (step 5), and after about twenty years, one performs at the highest expert (step 10) level. Another assumption might be that very long (twenty-year) tenure in a job should be highly valued and rewarded with higher pay.	People learn jobs at different paces and not all ever master a job. They should be able to advance (or not) as quickly as their abilities and performance demonstrate. If they feel they aren't advancing rapidly enough, they vote with their feet and seek employment elsewhere.
Separate performance bonus systems beyond occupation and performance levels	Except for the special SES bonus structure, one-time bonuses are rare. Ongoing recognition of exceptional performance for most employees is unnecessary and promotion to different grade levels is the best way to recognize performance.	One-year bonuses for exceptional results are common in the private sector and are a proven motivator for employee performance on short-term objectives. Bonuses of 10 to 20 percent of salary can drive exceptional performance. These bonuses generally do not get factored into pension calculations.
Inflation adjustments and locality pay	All jobs in all occupations rise equally in salary on the basis of the national inflation rate and local pay rates.	Labor markets are occupation based and regional. The structure needs to be much more refined on the basis of labor markets rather than the current “politically drawn” boundaries based on census statistical area structures.

ceptions for investigative positions (Federal Bureau of Investigation, Bureau of Alcohol, Tobacco, Firearms and Explosives, etc.). By and large, Congress has raised pay across the board for all positions.

Certain agencies are assumed to do work that is more commercial in nature than others and thus need to create higher pay rates across all positions in their agency. This has created some rather striking anomalies. For instance, the chief information officer (CIO) of the Comptroller of the Currency will make more than the CIO at the Department of the Treasury. The general counsel at the Farm Credit Administration will make more than the general counsel of the U.S. Department of Agriculture. No private corporation would function this way: it is not economical and does not reflect the

reality of the labor market. Most corporations base their broad pay structure on occupational pay rates determined by regular surveys and studies across the public and private sectors. The federal government needs to wake up to this reality and set pay on the basis of occupation in the same way that the private sector does.

Create Fair Rating Systems

Building one employee rating system for the entire federal government through a new law can only result in short-term improvement. It would modernize what is in place now, but it would undoubtedly be built through complex political maneuvering that would make it inflexible. It would also not likely be developed by the people most affected by it—agency managers and em-

ployees. Over time, all rating and evaluation systems can and will be “gamed” by the people under them.

Giving agencies the broad outline of a system (performance principles that might parallel merit principles) and allowing them to innovate would be far better. They should have a positive requirement to negotiate with unions and consider the ideas of employees and should focus evaluations on transparent and clear objectives related to the results that agency programs are working to meet. If agencies do a good job, highly motivated people will flock to them; if they fail, they will lose quality employees and learn to adapt and improve their rating systems. In this case, variety across government is preferable to uniformity and rigidity. In private industry and government, objectivity, adaptability, flexibility, and transparency are the hallmarks of an effective employee performance rating system.

Emphasize Career-Long Development

The Constitution doesn't include a fourth branch of government called “the bureaucracy.” In fact, Article II of the Constitution states: “The executive power shall be vested in a President of the United States of America.” Congress then gives the executive direction and funding through its laws. The creation of a professional civil service does not change this. Creeping into government is the idea that the civil service itself should perform a tempering role on executive power, that it is intended to be slow, inefficient, and bureaucratic as a protection to the people, but practice has shown that an independent judiciary and Congress are enough checks in the system. The civil service needs to be efficient, effective, productive, and responsive to the president and political leadership. This requires strong civil service management and leadership to carry out the laws of Congress and the policies of the president.

One of the basic concepts of executive leadership in any context is that the values and passion of the leader matter. All executive leaders are unlikely to serve each administration equally when policy vastly changes. Successful federal executives are often good leaders; they are also often good internal politicians who never say no but also never fully commit themselves to the new agenda of their political leadership. Some live through an administration with which they disagree by following the dictum of Ovid: “Bene qui latuit, bene vixit.” [He who lived well, hid well.]

Because political leadership can change dramatically every four years, the problem of making career leaders responsive to it may have no solution. Broad expertise and knowledge is necessary for stability in the top career ranks. Perhaps, rather than trying to segregate a group of managers and label them the SES, we should simply remove the caste and category of management levels and simply recognize one common role for all managers and executives across government with one broad pay band. In 2004, Congress took a step toward this by merging all SES levels into a single broad pay band.

A focus on developing leadership and management skills as a career strategy at all levels of management could have the positive byproduct of breaking down the barriers between SES executives and other agency managers. All government managers and leaders could perform with the same rules, flexibility, and developmental opportunities, and the civil service would focus on achieving a broad cadre of capable managers. Executives can't learn to be executives when they enter the SES; their career development needs to come from a career-long effort to develop broad leadership and management proficiency, keen analytical skills, program and administrative knowledge, and judgment. This is a developmental journey that more than the top few thousand government managers need to take. Top agency leaders would be defined by role rather than by an artificial category that has not achieved its promise.

The Opportunity

The U.S. government's missions and challenges in the next century are daunting. Maintaining and improving the talent of the federal workforce and inspiring it to action will improve the welfare of all American citizens. A new president has a unique opportunity to leave a lasting legacy by taking bold actions to improve the ability of government to attract, retain, and develop a topnotch workforce. Workers now entering the federal workforce want rewards for their performance and attention to their needs. Maintaining a vital and productive workforce for the next century will require a move away from traditional approaches and a willingness to innovate. We can move from a system mired in outdated models and assumptions to an adaptable and creative system that responds to the new realities of the workforce.

The Promise and Potential of E-Government

by John Sindelar

A journey of a thousand miles begins with a single step.

—Lao Tzu

This perhaps over-used quotation describes the current transformation of government. This is not to understate the progress that government has made to implement e-government over the last six years, but to measure how far we have to go to overcome the many challenges and realize its full promise. At the federal level, the realization of that promise is no longer simply a political goal as part of President Bush's management reform agenda. It is an imperative that the nation has a vital stake in accomplishing. Whether that accomplishment happens sooner or later is really the question. Put another way, it is not a question of "if," but "when."

E-Government Trends

A number of trends—some global and others particular to the United States—are driving the implementation of e-government in general, and more specifically, creating the demand for a shared-services environment with information technology (IT) as the enabler:

- ◆ Funding pressures are tremendous. Constrained budget resources and higher mission-critical priorities are driving a demand for greater returns on IT investments. Upon taking office in 2009, the new president will have less flexibility in the use of budgetary resources than most previous presidents, so the pressure on IT will only increase.
- ◆ Global challenges—the war on terrorism, competition of a world market, and ascendancy of new economic powers that threaten U.S. interests—demand leveraging of IT investments, information sharing, and collaborating in development of emerging technology.
- ◆ Constituent demands for transparent, secure online services that ensure privacy continue to grow. The "gray tsunami"—the tidal wave of retirements in government—is now a reality. Will government be part of Web 2.0 and attract the next generation of leaders if it continues to use legacy systems and out-of-date electronic tools? As inexperience and shortages in skilled positions increase, will government take the opportunity to mitigate the risk through shared services?

Silos of expertise needed in the past must segue to a more agile, responsive, and horizontal form of government.

The next administration may repackage the e-government effort and alter the strategy for implementation, but it cannot deny that the effort is necessary and strategic for the efficiency, effectiveness, and security of the United States. Although the pace of change seems slow and incremental, we are in an era of government transformation.

Progress Since 2001

Seeing where we've been is instructive in judging where we are going. In August 2001, Mark Forman, in his newly established position as the Administrator for E-Government and Information Technology at the U.S. Office of Management and Budget, kicked off the interagency effort to implement e-government with the following message:

“E-government represents a new role for IT in the federal government. The vision is an order of magnitude improvement in the federal government's value to the citizen. It is based on principles as an integral component of the *President's Management Agenda*. It is market-based, results-oriented, and citizen-centered. IT must simplify access by its citizens to government and unify redundant systems.”

The ramifications of these words—twenty-four e-government projects, the lines-of-business initiative driven by Forman's successor, Karen Evans, and related accomplishments—constitute a legacy as well as a challenge for the next administration to take the effort to a new level. The legacy includes numerous examples of progress toward the vision of e-government that is an “order of magnitude of improvement” since 2001. A few examples from the *Report to Congress on the Benefits of the President's E-Government Initiatives: Fiscal Year 2007* follow:

- ◆ GovBenefits.gov served more than twenty-two million visitors and provided nearly one million citizen referrals to benefit programs, averaging over three hundred thousand visitors per month in 2006.
- ◆ USA Services offers citizens the ability to obtain information in English and Spanish via the Inter-

net, publications, telephone, and e-mail. In 2006, it handled more than eight million government-wide telephone inquiries and more than one hundred thousand e-mail inquiries—helping agencies save nearly \$32 million.

- ◆ Federal rulemaking is increasingly transparent to citizens and small businesses through one access point, Regulations.gov, to view and comment on rules and notices. In 2006, the public was able to view or download more than seventeen million pages related to rulemaking activities.
- ◆ Grants.gov is providing information on more than one thousand grant programs representing \$450 billion awarded by twenty-six grant-making agencies.
- ◆ Payroll providers from across the government have dropped from twenty-six to four. The U.S. Department of Health and Human Services and Environmental Protection Agency have recorded annual savings of \$11 million and \$3.2 million, respectively.
- ◆ Nine lines of business central to the support operations of most federal agencies (such as financial management and human resources) are in different stages of maturity. The effort focuses on reducing redundant investments for IT and common business processes and improving performance through shared-service providers. In the past, major IT investments for development, modernization, or enhancement were rarely screened to determine whether their requirements could be met by an agency already specializing and investing in a service available to be shared by multiple agencies. As a result, major duplicative IT investments are beginning to decline, and resources are being freed to address core mission requirements.

Strategic Implications

Although these federal examples (state, local, and international governments provide many others) are tactical, they have strategic implications for the policies and operations of government in the near future.

First, government is acting more as an enterprise. In effect, decision making on major IT and business process investments is moving from the individual program level to the agency level. Second, government agencies acquiring services from another agency are becoming more savvy purchasers, focusing on service-level agree-

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ments and performance standards critical to supporting their mission. Third, as trust increases in basic shared services for administrative functions, more complex mission and citizen-facing functions will leverage IT-enabled shared services. Last, information in government has often been used as a weapon to wield power or garnered as a valuable commodity to secure one's position in the bureaucracy. Recognition is finally growing that sharing information and the integrity of data are not only critical for collaboration but necessary for an effective intelligence community.

Challenges Remaining

Despite these trends, many challenges must be addressed to realize the promise of e-government. From the beginning in 2001, it was characterized as an "IT effort," but it is not. It is a change in how the government does business and interacts with its citizens and the world at large. It requires leaders of all disciplines, including chief financial officers, chief human capital officers, and chief acquisition officers (as well as chief information officers) to collaborate in ways they have never done before—which is not occurring as well as hoped.

Although Congress was an ally in the passage of the E-Government Act of 2002, it has not yet fully embraced the law's promise and has not been completely persuaded as to its benefits, to the detriment of the government and its citizens.

In the executive branch, governance is also an issue. Although the grading of agencies in highly visible scorecards has been fairly effective, recalcitrant agencies on any particular initiative can balk at implementation—red scorecard or not. These actions jeopardize the future of e-government initiatives that are not as mature as others. Without sustained top-down leadership, account-

ability, and consequences, the willingness of commercial investors to develop solutions is also at risk.

In federal agencies, e-government demands often mean transitioning to a new way of doing business without the resources to address the cost of transition. Further, agencies that have become shared-service providers are hampered by restrictive resource authorizations from Congress that were in place before the advent of e-government. Innovation to provide flexibility in financial controls is needed; accountability does not have to be sacrificed.

Many federal agencies still have employees that repeat the mantra that they are different from other agencies and that e-government efforts are too risky and won't work in their programs. Closer examination proves otherwise. The workplace of yesteryear will not suffice to attract needed new talent.

Conclusion

The government has been working the same way since the Hoover Commission reorganized it in 1949, and it has served this country very well, but the promise of e-government must be fulfilled to maintain this institution's strength in a perilous world. Although it took nearly sixty years to build agencies with silos of expertise critically needed in the past, those silos must now allow a more agile, responsive, horizontal form of government to flourish.

It will happen, but not overnight. The promise of e-government will be kept. However—to borrow from Robert Frost—there are still miles to go before we sleep.

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One difference between humans and computers lies in the relative strengths in their respective abilities to understand symbolic relationships and to learn facts. A computer can remember billions of facts with extreme precision, whereas we are hard pressed to remember more than a handful of phone numbers. On the other hand, we can read a novel and understand and manipulate the subtle relationships between the characters—something that computers have yet to demonstrate an ability to do. We often use our ability to understand and recall relationships as an aid in remembering simple things, as when we remember names by means of our past associations with each name and when we remember phone numbers in terms of geometric or numeric patterns they make. We thus use a very complex process to accomplish a very simple task, but it is the only process we have for the job. Computers have been weak in their ability to understand and process information that contains abstractions and complex webs of relationships, but they are improving.

—Raymond Kurzweil, *The Age of Intelligent Machines* (MIT Press: 1990)

Government 2.0—Fact or Fiction?

by Daniel Mintz

In spring 2006, after becoming chief information officer at the U.S. Department of Transportation (DOT), I created a one-page, bulleted list of priorities and presented it in many forums inside and outside of the department. Various DOT stakeholders gave me feedback on these priorities, which I used for, among other things, modifying the list itself.

The original version of my fifth bullet (added in 2007), Government 2.0, said: “Exchange information in a consistent format and easy-to-access manner with key external and internal stakeholders, in particular the American public.” During one of my presentations, a senior official said they really liked the priority list, but could I change the beginning of the Government 2.0 bullet to “Exchange accurate information ...” My response was that I was open to suggestions, but that the resulting bullet would be a lie. That is, the entire nature of the value of Government 2.0, in some sense, contradicts concerns over predictability, consistency, and accuracy for which we normally strive. In fact, the implications of Government 2.0—or, as it is sometimes called, Web 2.0—are more profound, and it will inevitably influence government, whether we plan for it or not.

The problems with my initial version of Government 2.0 were much broader than just the decision to insert or not insert the word “accurate.” Government 2.0 represents a better and more robust way of achieving timely and creative interaction with our stakeholders, in particular the American public. The federal government is using it more every day. The implementation of Government 2.0 raises numerous policy questions that will need to be addressed to take full advantage of the available capabilities.

Challenges

At present, most government agencies—as they grapple with ways to take advantage of the capabilities of this next generation of Internet—focus on the immediate problems it poses: security, privacy, and policy implications. The next administration will face two much larger challenges—we hope with the vision, focus, and stamina needed to address them—first, how best to build a government organization that can tolerate failure, at least in small doses, and second, how to make a government agency or department organizationally

The second generation of Web access will change the way government delivers services and its relationship with the American public.

agile. Answering the first challenge will be necessary to start to take advantage of Government 2.0 capabilities. Answering the second will be required to maximize that utilization. This article does not provide answers to the two challenges, which would take too long and is outside its scope, but it does explain why those challenges are relevant and important.

Web 2.0

All the current candidates for president are using Web 2.0 capabilities, which provide the foundation for Government 2.0 efforts, as an integral part of their campaigns—including Web pages for online communication, Facebook and MySpace pages for social networking, and YouTube to hold presidential debates—much of which would not have been imagined during the last presidential contest a mere four years ago. The person elected from this group is likely to expect the same or more from government. Certainly, citizens drawn into the process by such campaign events will expect the same or more. Government 2.0 is fact already—and potentially transformational if it becomes a priority for the next administration.

Government 2.0

Historically (before the Internet), finding an item, or even the existence of an item, that met a defined set of requirements took significant amounts of time and (potentially) money. Researching a topic required physical effort. In many cases, such research would be impractical under time or cost constraints.

The first generation of the Web had people or companies creating content that others could access. Although this capability was powerful and useful, the information provided on the Web was static and passive. Once placed on the Web, it remained unchanged—unless and until the original provider updated it.

Government 2.0 is derived from the more general term, Web 2.0, which represents a second generation of Web usage. This second generation access differs greatly

in at least three ways: it is participatory, pervasive, and integrated:

- ◆ *Participatory.* The original passive Internet—where a provider placed information on a Web page and a user read it—has changed. Users make their own content and, in the case of artificial worlds, become part of the Internet experience directly.
- ◆ *Pervasive.* Internet access has grown beyond the computer on a desk—to cell phones, cars, and even kitchen appliances. Hotels and coffee shops—and a growing number of other public and private spaces almost anywhere—feature wireless access.
- ◆ *Integrated.* More and more “things” are being connected to the Internet, from security access devices transmitting their status, to home security systems, to data devices implanted in a highway sending signals on the status of the road. We are entering a world where everything is connected to everything else.

Wikipedia and More

The initial impacts are felt in a variety of ways. For example, Web content is not controlled now by the original creator, who, over time, has become less and less clear. One of the best known examples of this is *Wikipedia*, which has become the largest single collection of information in existence. A small staff is responsible for coordinating all Wikipedia activities, but almost all of the content is provided by users, and most of the editing is accomplished by a coterie of volunteers.

The federal government has a variety of wikis. For example, the director of national intelligence has created *Intellipedia*, which is being used to collect information across a variety of federal intelligence agencies. The State Department has created *Diplopedia*, which allows its employees to share information about topics and experiences around the world.

The value of such wikis is that they allow groups of people who otherwise would have only limited contact with each other to pool their knowledge in a single repository available to all within that community. It not only increases information sharing, but also a sense of collegiality and partnership that otherwise might never arise.

Web 2.0, more recently, has taken an additional step—moving to a participatory model. Virtual worlds, the three-dimensional (3D) Internet, provide the capability to create an artificial world containing representa-

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tions of real people called avatars. People are able to traverse such worlds, interacting with other people and obtaining information interactively.

One of the leading commercial examples is Second Life, where people or organizations are able to create islands where avatars (people) can congregate for social or business reasons. Second Life has become an active community, where information and services are bought and sold, social relationships thrive, training is conducted, and communities of interest are created.

A variety of government agencies have already created content on their own islands within Second Life. The National Oceanographic and Atmospheric Administration has a presence where it discusses issues about weather and other aspects of its mission. The State Department has an embassy where it recently sponsored a jazz festival for Second Life participants. The Centers for Disease Control and Prevention uses its Second Life presence to provide health-related information.

New Challenges

The federal government faces a number of challenges that private industry does not when working with these kinds of public-facing Internet activities. First is the problem noted above—the desire that all published information produced by a government agency be “accurate.” Normally, wikis will undergo a continuous editing process, which allows them to approach “accuracy” over time, but they do not always start that way.

The second is a related problem, that any material a federal employee publishes can be taken as establishing or implying the establishment of formal policy. As anyone who has had their name appear in the press or has had to testify before the Congress will tell you, even offhand remarks and e-mails can be used in unexpected ways. A wiki or encounter in a virtual world is an “e-mail writ large.” Third, when the creation and maintenance of these sites crosses organizational boundaries—including federal, state, and local governments, as well as private stakeholders—responsibilities for the level of accuracy can become complex and unclear.

One final challenge when using 3D Internet sites like Second Life (as with any externally hosted solution) is a government agency’s inability to control what is happening anywhere in that virtual world—let alone on their specific island. Sometimes, what goes on can be embarrassing.

The Larger Context

Government 2.0 is not an isolated phenomenon but the next step in a continuum the Internet is forcing on all organizations as it continues to have an increasingly disruptive impact.

Cost

Economists use the term “transaction” to indicate the cost of an activity. By “cost,” they mean the resources required, whether money or a person’s time, to achieve the transaction. Not only does an organization change its behavior depending on transaction costs, but its structure.

In *Wikinomics*, Don Tapscott and Anthony Williams discuss the findings of Ronald Coase, a British researcher, who looked at why corporations existed and grew large. The reason Coase gave was that the cost of performing a transaction inside a corporation tended to be less expensive for many activities than for a transaction outside for that same activity. Thus, corporations over time acquired the activities that could be done less expensively in that fashion.

Measuring Results

For many years, computer technology did not have an impact on these inside and outside costs. The focus of information technology (IT) organizations and the organizations they supported, therefore, was optimizing the use of the computer technology. Thus, organizations focused on cost reduction, computer consolidation, centralized purchasing to achieve economies of scale, and, more recently, the creation of shared services throughout or across organizations (e-government initiatives, for example). The next logical step for government is to start focusing on how to measure and maximize the resulting programs rather than looking at how well the infrastructure supports them.

However, the Internet has changed this situation for the reasons noted. Now, the cost of performing a transaction may not be more outside an organization. For many larger organizations, the cost may be lower for increasing numbers and kinds of transactions outside rather than inside.

This is already having a dramatic impact on private-sector organizations. Companies are increasing the use of external Internet-connected resources, including private individuals, to provide advertising advice, technical input, and even research and development capabilities

that once would have been provided internally or from well-established and long-term partners.

Companies that learn to be organizationally “agile”—that can make internal changes to move specific functions outside the company and can train or hire staff members who understand how to use these new and changing relationships—will have a much higher chance of survival and success. The companies that are not agile run the risk of being driven out of business because of high-cost structures or their inability to move quickly enough to respond to changes in the marketplace.

Human Capital Implications

The impact on personnel will be significant. Capabilities required to define the business and contractual relationships and manage partnerships differ greatly from those for managing a hierarchical relationship. This change will require retraining or hiring new personnel who have these skills and capabilities.

Senior management will support these changes to obtain greater visibility into their organization. Junior staff members can more immediately impact policies and interface with the senior staff. Middle management will be threatened by these changes because its historic importance was often based on control of information up and down the organization.

Government will not be immune. Its private-sector partners will participate to stay in business; they will want to interface with the government in the same fashion. Young employees of the government will regard these capabilities as second nature; they will expect comparable capabilities in government—or they will look elsewhere for work.

Leadership Needed

We thus return to our initial challenges. Government 2.0 is in its infancy. No one knows what will work and what will fail. By its varied nature, these new Internet-enabled technologies allow unpredictable interactions between unexpected stakeholders producing unplanned results, none of which offer comfort to the typical government agency. To participate, government agencies will need to define small pilot projects and give the staff flexibility to experiment. In our current “blame first, ask questions later” environment, it will take strong leadership for this to occur.

The short-term advances of Government 2.0 are dramatic. The use of Internet-based information sharing and social networking has increased the opportunity to optimize the use of IT. Decreasing the costs of business transactions becomes possible. However, the real impact is likely to be organizational in nature—turning inside out the classical approach to organization structures and business relationships.

The federal government has struggled to make progress on the current set of e-government initiatives. It is a tribute to the Office of Management and Budget and the agencies that believe in the programs that so much has been done. The political and cultural hurdles of Government 2.0 will be more difficult to overcome, impacting more people more significantly. To have the best, most responsive government, we must tackle these issues.

Conclusion

There is argument about the date that Radio 2.0 was invented. Most of the important inventions relating to Radio 2.0 occurred in the 1920s. In its initial years, Radio 2.0 was treated the same as Radio 1.0—broadcasting stories and entertainment, essentially unchanged—even with the addition of video to Radio 2.0.

Over time, everyone realized that Radio 2.0, or Television, was *not* radio with pictures, but something entirely different. Television had a different relationship to its viewers, with a different method of participation and experience. None of that was obvious when it began. Similarly, what Government 2.0 will ultimately become and how it will affect government is only dimly understood today. It is likely to have a major impact on how government services are delivered, how government is organized, and ultimately how it relates to and with the American public.

Government 2.0 is a fact, not fiction. It will have an increasing presence in the next administration and will affect us all in ways barely imagined today.

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Forum:
The Next President's Management Agenda

The Future Workforce: Here They Come

by William Boddie, Jeanne Contardo, and Robert Childs

In a rapidly changing world where technology blurs the line between work and play, shaping the workplace of the future requires thoughtful consideration and planning from those who would remain competitive in the global marketplace. As “digital natives” become the workplace majority, changing employee expectations will drive organizational behaviors. Whether public or private, organizations that take the time to understand employee expectations and adapt their operating strategies will be the best equipped to thrive. This article highlights the expected characteristics of the future workforce and identifies possible outcomes and implications.

Current Workforce

In 2004, 145.6 million people were employed in the United States, according to the U.S. Department of Labor. Approximately 64 million of them, or 41 percent, will be eligible to retire by the end of 2010. When considering the priorities of today’s typical workforce member, most of whom are baby boomers, certain themes tend to predominate: position, power, salary, recognition, organizational loyalty, longevity, job security, stability, career orientation, and resistance to innovative technology and behavioral changes.

A new generation of professionals is reshaping government workplaces, markedly changing the expectations of individual and organizational behaviors.

For today's average worker, organizational position is a vital concern and is intertwined with the pursuit of power. As these employees climb the institutional hierarchy and achieve greater levels of authority, they expect their positions and levels of control to grow accordingly. In turn, they expect their subordinates to behave with the appropriate respect for the position of power they have worked so hard to achieve.

Current workers also expect their salaries to increase over time; this is particularly important to the significant number who are the only wage earners in their families. As might be expected, these individuals, who invest such time in their organizations, are keenly interested in job security and expect promotions based on longevity. Also, baby boomers are associated with long work hours and high-contact work environments, frequently foregoing vacations to participate in professional activities. These employees are "digital immigrants": Although some may use technology fluently, many are uncomfortable with its applications and use computer-based tools as a last resort or because they are required, rather than out of personal preference.

The influence of the baby-boomer generation's work habits and priorities on the current workplace is notable. Generally, today's organizations are conceptualized as command-and-control oriented, hierarchically structured, and bureaucratic. Moreover, the current workplace environment, especially government, is often criticized for its late adoption of innovative technologies. As this generation of employees begins to retire, so will its expectations and work habits, making way for a new generation of workers, who will shape its organizational cultures accordingly. In the meantime, the old cultures and expectations of the Industrial Age will openly

clash with the newer values and practices of the Information Age.

Future Workforce

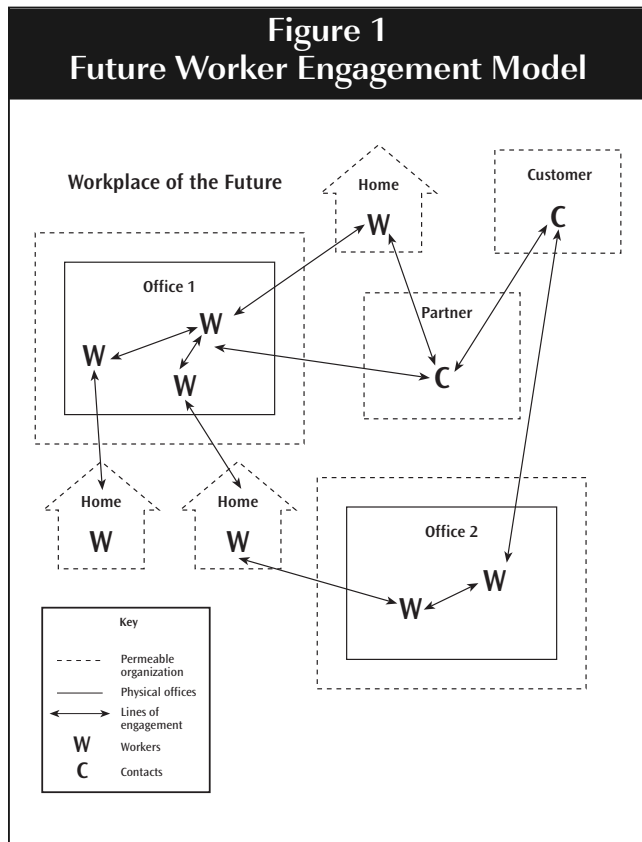
Approximately seventy million new workers will enter the workforce in the next five years, bringing with them distinct perspectives and expectations regarding their professional obligations. These new workers must continuously adapt to modernizing work environments and embrace innovative technology to improve productivity and efficiency. These digital natives were raised with technologies such as iPods, smartphones, Blackberries, Ultra-Mobile PCs, wikis, blogs, virtual worlds, and communities of practice and will use them as readily as digital immigrants use fax and e-mail. While in college, the workers of the future likely employed social networking applications such as MySpace, Facebook, LinkedIn, and Second Life for career development and social engagement; they subsequently will expect such technologies and capabilities to be available and used in the workplace to increase their productivity and match their life styles.

Workers of the future will expect collaboration and instantaneous communication, both face to face and virtual, from coworkers and supervisors alike. As a result, leadership will become less stratified, and the lines between home and work and work and play will become more permeable. Thanks to telework policies, single parents or those with limited mobility will be able to be just as productive from their homes as they would from their offices, participating in the workforce in previously unattainable ways. Moreover, some retirement-eligible workers who adapt to the new technologies and culture will transition toward part-time employment rather than total retirement. This will be particularly vital for industry and government agencies that will need these experienced workers to fill their labor shortages and retain tacit knowledge. Some experts predict that companies will let go less-agile workers and keep those whose attitudes and practices fit in the evolving workforce model. Finally, quality-of-life issues (work/life balance, work schedules and location, etc.) will emerge as a primary concern for future workers—especially as dual-income households give them greater financial flexibility.

The future worker will be unconstrained by time, space, and organizational boundaries and will leverage innovative technologies to communicate and interact effectively, collaborating with colleagues around the world

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and with new partners through virtual networks to achieve individual and organizational goals (Figure 1). In this scenario, worker engagement becomes Web-like, crossing both organizational and time/space boundaries. Organizations that fail to provide the capabilities or resources needed to perform in collaborative, technology-enhanced environments will likely foster dissatisfied workers, who will have few reservations about leaving for better-connected pastures.



In fact, greater worker mobility is a key characteristic of the future workforce. According to a Bureau of Labor Statistics survey, Americans ages fifty-two to fifty-nine held an average 10.5 jobs between the ages of eighteen and forty. Given that these data are based on behavior of the baby-boomer generation, and that we expect the labor force to become even more mobile as we navigate the global economy, we can reasonably expect the average twenty-first-century worker to hold between twenty and thirty jobs during a forty-year career. Subsequently, workers must become lifelong learners, who complete continual education and training to adequately meet professional demands and to keep up with ever-changing technologies.

Thanks to shifting demographic patterns, the pace of technological change, and economic globalization, we know that the workplace will change in the near future. In both government and industry, the most successful organizations will effectively attract, hire, manage, and retain the future workforce in a way that allows the organization or agency to respond to consumer pressures in an agile, flexible manner. Workforce adaptation and technology adoption are key determinants of the thriving, future globally oriented workplace, as evidenced by the employee-empowered, flexible business practices of organizations such as Google, Cisco, and UPS.

Culture Clash: Working Under One Roof

As the workplace begins to experience an influx of employees with vastly different expectations and habits, there will likely be some tension between them and the “old guard,” as illustrated in the following scenario:

Paige started her new position Monday morning. She attended the new employee orientation, and by Tuesday her manager, a long-time company employee, had escorted her to her new work area and introduced her to her coworkers. At first, Paige was thrilled because on the surface this company seemed more visionary than some of the companies where her friends worked. After receiving her network account, Paige asked her manager about using instant messaging (IM) to connect with other company employees. She was advised that the company had no need for IM or other instant communications technologies, so did not allow them. Paige had used IM throughout her college days for both work and personal communications and had expected her new employer to use such technology. Two days later, Paige learned that she needed her manager's permission to meet with an employee in another part of the company to discuss a work-related technical challenge. By Friday, Paige was questioning her job decision and wondering whether she should have instead accepted the position she was offered from a competitor of her company, a relative industry newcomer, known for its future-thinking methods. In the meantime, her manager wondered why Paige seemed to have such unrealistic expectations for the workplace and why she questioned so many of the company's policies, procedures, and practices.

As the future workforce transitions from college and internships to government and industry positions, imagine the frequency of this scenario and the potential impact on organizational morale, productivity, and cohesion. Also, as these workers begin to become managers and leaders, consider the struggle between the old way of doing business and the twenty-first-century, improved, technology-enabled processes. Failing to anticipate future workforce needs by overlooking Information Age human

resource (HR) strategies may severely impede organizational competitiveness and overall business success.

Implications

The changing workforce has numerous implications, the most important of which involve innovative leadership, flexible human capital management, technology adoption, and increased education and training:

- ◆ *Innovative leadership.* As the future workforce manages its own tech-enabled workload, employees will yearn for innovative leadership. Organizations that promote vision, integrity, communication, inspiration, and empowerment will attract and retain the highest-quality future workers. Although sound strategic planning will always be important, businesses seen as innovative leaders will be the most critical enabler of the future workforce.
- ◆ *Flexible human capital management.* The twenty-first-century workplace must welcome and implement flexible, forward-looking human capital management strategies that anticipate and address employees' professional and personal needs. Key to the success of the future workplace is the extent to which the workers feel supported and empowered to perform. The HR director must sit at the table with the other corporate officers and provide the leadership team with the tools and direction to keep the organization's workforce motivated.
- ◆ *Technology adoption.* Workers of the future will demand that the innovative technologies they use in their private lives be made available to them for professional purposes. Private-sector and government organizations that remain on the cutting edge of such technology adoption will be able to recruit, hire, and retain the best workers.
- ◆ *Increased education and training.* The future workforce will demand career-long education and training to keep up with technological and strategic global advances. The most successful organizations will choose to partner with postsecondary educational institutions and corporate universities to deliver programs that enhance worker development and keep employees on the cutting edge of their field.

The impact of the future workforce is especially critical to public-sector organizations. Historically, gov-

ernment agencies are more bureaucratic, hierarchical, and resistant to technology adoption than their private-sector counterparts. The criticality of delivering services to citizens demands that government develop and implement Information Age strategies to attract, hire, retain, and lead the future workforce.

Conclusion

Although the current workforce can generally be characterized by twentieth-century themes, a large percentage of these individuals will be eligible to retire in the coming decade. The emerging workforce will have distinctly different perspectives regarding the employee's role in the organization. The requirements and expectations of these future workers will transform organizations. Whether these transformations are detrimental depends on the extent to which organizations strategically plan, effectively implement, and critically monitor and evaluate workforce strategies to remain competitive. Managing the clash of cultures between Industrial Age managers and incoming Information Age employees will be crucial to an organization's success and its ability to achieve the mission. Both private-sector and government agencies must understand the changing workforce to develop and implement strategies to successfully lead the business into the future.

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Service Transformation in Government

by Martha Dorris

As governments around the world transform their delivery of services to their citizens, new trends are emerging. They continue to focus on the citizen and on creating and maintaining a citizen-centric government; they are also using technology to transform government operations through shared services and the use of enterprise architecture. Sharing common services across a number of government departments and ministries allows these organizations to focus more on their own core businesses and missions and save millions, if not billions, of dollars over time.

Governments are struggling to develop, implement, and manage efficient and cost-effective internal operations, while maintaining a focus on their primary mission of citizen service. They are continuously searching for better ways to reach citizens and increase usage of electronic channels for these purposes. To this end, governments are strengthening the centralization of information technology (IT) policies and governance, and many are implementing the Chief Information Officers (CIO) Council model used in the United States.

Another growing trend is concern about the pipeline for training and deploying the next generation of the IT workforce. In many countries, the number of computer science graduates appears to be declining and the IT workforce shrinking, a combination of factors that is cause for concern.

Finally, the rapid emergence of social media represents one of the newest technology advances on the scene. It has many possibilities, but also generates overarching issues of security, identity management, and privacy across all countries. The nascent use of this technology to reach new markets will be watched with interest and anticipation.

Phases of Service Transformation

Governments around the world have gone through three phases of service transformation. In the first phase, they launched IT strategies with target goals set by the head of the government. National strategies defined e-government (or "government online"), identified flagship priorities or initiatives, and promoted citizen-centric government. The first phase included the launch of national portals and some online transactional services, such as filing taxes, applying

Better intergovernmental collaboration will be needed to satisfy the citizens of the future.

for permits, paying fees, and accessing government forms. Governments also began providing multichannel services—via the Web, phone, and e-mail—through a “storefront.”

In the second phase, governments focused on internal government efficiencies through the use of technology. Functions and governance were centralized and government-wide architectures were created. Using those architectures, common systems were consolidated and shared systems began to appear, with the anticipation of savings to the government.

Now, we are entering the third phase, where governments are focusing on collaboration among governments and across levels of government. Many are renewing their focus on the citizen and how to improve the delivery of government services electronically. Some countries are focusing on how to provide access to government services across all economic and social levels.

Citizen Satisfaction

As we move forward in transforming service delivery, we need to remember the basic premise at its core—government service to citizens. What does the citizen want? By continually monitoring citizens’ changing needs, demands, and expectations, we can provide services that respond—resulting in higher citizen satisfaction with government overall.

To achieve this success, governments must understand the changing demographics of their societies and how the commercial world is impacting citizens’ expectations. However, the best services in the world won’t increase usage unless citizens know what is available. We struggle with the marketing of government services; often, limited funding is allocated to increase awareness, and for some of the largest countries, the effort seems a daunting task.

The International Council for Information Technology in Government Administration (ICA) is an organization of more than twenty-five countries. Its mission is to share information and experiences across nations to improve governments’ management of infor-

mation and communications technology. Each year, most of the ICA member nations prepare substantive reports that highlight their country’s latest priorities in the delivery of services to citizens. Much of the information in this article comes from these ICA country reports. (More information on ICA is available at www.ica-it.org.)

Keys to Success

In the United States, we have identified five key factors for success:

- ◆ Know the customer.
- ◆ Measure customer satisfaction to ensure continual improvement.
- ◆ Understand new technology trends.
- ◆ Let the public know what’s available.
- ◆ Share best practices across government.

Know the Customer—The Citizen Is King

The U.S. population encompasses more than three hundred million people; 26 percent are under eighteen years of age, 22 percent are over fifty-five. The estimated population growth over the next decade is 11 percent, the most dramatic in the Hispanic community. Services must be available in plain language that all members of the public can understand. Ignoring this need is a common mistake governments make.

How will the teenagers of today want services from the government in the future? Current research shows that they don’t want e-mails; they want to communicate via mobile devices, primarily phones. In addition, due to the use of social networking media like MySpace and Facebook, teens are already skilled at creating their own content. The big question is whether they will want the same level of networking and intense collaboration when they reach the workforce.

Most governments have initiatives that combine and coordinate government-wide services across channels such as the Internet, phone, kiosks, and e-mail. In the United States, we have integrated information on the federal government’s offerings through our Internet portal, USA.gov, and its Spanish-language counterpart, GobiernoUSA.gov; over the phone to the National Contact Center at 1-800-FED-INFO; and through print publications mailed from our distribution center in Pueblo, Colorado. In addition, USA.gov recently launched a blog called *GovGab* to reach the population in the blogosphere. Touchpoints (the number of times

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these programs were accessed) have increased 66 percent from fiscal year 2006 (FY06) to FY07.

Continual citizen research is critical in maintaining good service delivery. Some techniques we use to collect citizen-centered feedback are focus groups, telephone polls, and Internet panels. In Canada, the government regularly polls eight thousand to nine thousand citizens representing all demographic groups. Those surveyed are selected from some eleven thousand people who have self-enrolled in an Internet panel. This polling service is provided to all agencies and allows the government to collect citizen information with relative ease.

Measure Customer Satisfaction

Measuring customer satisfaction has been the topic of discussion among countries for the past eight to ten years, because you can't improve what you don't measure. Customer satisfaction should be measured at least annually to determine whether citizens' expectations are being met. Are citizens getting services and information in a timely manner? Is the information accurate and current? Is the information they get from different channels consistent? By linking citizens' expectations with satisfaction ratings, improvements can be made quickly and accurately.

Although the phone still remains the channel of choice in many countries for interaction with government, telephone inquiries have the lowest satisfaction ratings. If we learn that phone satisfaction ratings are low because of unanswered calls, inaccurate information, unfriendly agents, or cumbersome interactive voice recognition systems, we can take steps to resolve the problems.

Understand New Technology Trends

As the capabilities and proliferation of wireless devices expand, so do government's efforts to provide mobile services that can be accessed through cell phones and other wireless devices. New devices continue to be launched that can serve as interaction points between citizens and governments. Many of Ireland's government agencies are providing short message service (SMS) text messaging and really simple syndication (RSS) feeds to make government information more accessible. The Irish Department of Revenue allows citizens to claim some tax credits, change their addresses, order certain forms and leaflets, and check the progress of any written contact via SMS.

Singapore has launched 150 mobile services through its Mobile Government Programmer, and 150 more will be launched in the next year. Services include a single government number for SMS communications with government. Singapore also has plans to develop a mobile authentication service. It currently supports services through the Internet, mobile services, self-service kiosks and terminals, private-sector intermediaries, counters, call centers, and CitizenConnect Centers (access terminals and personal assistance for those without Internet access). In the future, Singapore is planning initiatives on e-voice and interactive TV. E-voice will use speech-recognition technology and knowledge query database and e-services to provide answers and transactions to customer inquiries via phone calls. Singapore's efforts make greater use of multimedia formats and involve collaboration with local governments and private media companies.

Governments throughout the world are exploring Web 2.0 technologies, which may be used to increase citizen engagement and e-democracy, reach demographics that might not be accessible otherwise, and capitalize on the power of collaboration across distances and organizations. Early adopters are attempting to apply Web 2.0 concepts to government and citizen interactions. For example, some military organizations in the United States and United Kingdom are using YouTube as a way to recruit volunteers. In the United States, the Centers for Disease Control and Prevention use Second Life to give advice on maintaining personal health. Canada is currently researching how citizens feel about government's using these technologies.

Estonia is an early adopter of e-voting and continues to expand its use of Internet-based voting. In the March 2007 parliamentary elections, 5.5 percent of votes were cast over the Internet. The system architecture prevents voting fraud by tying together infrastructure at polls and online to prevent double voting. ID cards are used for e-voting authentication and once electronic IDs are more widely used for online authentication, participation is expected to increase.

Communication

The other two factors for success—letting the public know what's available and sharing best practices across government—involve communication. Services can be publicized through a broad assortment of media: radio, television, and print, of course, and now the various forms

of Internet communication. Sharing best practices throughout government can be done through reports, journals (like *The Public Manager*), and at the USAServices Web site, *Best Practices & Resources* (www.usaservices.gov/bestpractices/).

Conclusion

Service transformation is a difficult and risky endeavor, requiring all agencies or ministries, at all levels of government, to work together. Enhancing and expanding intergovernmental collaboration is a critical goal—and one of the hardest to realize. In the United States, service to the public would have been improved in all recent national emergencies—including 9/11 and Hurri-

canes Katrina, Wilma, and Rita—if federal, state, and local governments had established working relationships.

Although successful service delivery won't necessarily improve citizens' trust in government, the lack of it can certainly damage trust in government services in general. Because citizens perceive agencies at all levels as "the Government," if we, as public servants, create certain expectations and then fail to deliver—one time, at one level—it lowers trust in all government. It is incumbent on each of us—regardless of agency, rank, or responsibility—to nurture the relationships we have with the public and to serve all our citizens to the very best of our abilities.



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Forum:
The Next President's Management Agenda

Introduction and Overview—Part II

by Alan P. Balutis

In the winter issue of The Public Manager, we opened a dialogue on PMA 44—the President's Management Agenda of the forty-fourth president. Our forum contributors outlined where and how our next government should differ and grouped their ideas into three categories—human resources (HR), technology, and a vision for twenty-first century government. In this issue, we continue the forum with articles on how we should go about accomplishing this transformation. What should the president and the White House management team do differently, and what topics deserve their attention early in the new administration? Like the contributors to Part I, these authors have been part of a luncheon seminar series organized this past year by Cisco's Business Solutions Group—the company's global consulting arm. In Part II, we group the ideas into four categories—two familiar ones (HR and technology) and two newcomers (acquisition and execution).

Human Resources

Steve Benowitz, an award-winning former government HR executive, proposes that the next administration must focus on three areas—sustaining leadership, recruiting talent, and improving its own HR management staff skills. He notes that the legislative and policy initiatives of the past decade “have not succeeded in redirecting the management of government's most critical asset, the people who perform its work.”

Technology

Tom Hughes serves as the chief information officer of the Social Security Administration and is a leading thinker in government information technology (IT) circles. Hughes argues that in a globally competitive environment, the United States must address the expanded use of IT to stay competitive. In this article, he focuses on providing inexpensive high-speed broadband to the public to (among other things) improve government service delivery. Hughes notes in his article that the United States now ranks fifteenth in the world in broadband penetration. Since he wrote it, we've fallen to twenty-fourth—right behind Estonia.

Acquisition

In recent years, the government has increasingly relied on the private sector. As a result, the number of contract workers has grown to 7.5 million, four times the federal civilian workforce. The risk of this approach, in the words of Warren Suss, a Pennsylvania-based IT consultant, is that the government could wind up “outsourcing its brain.” Two long-time acquisition executives address a long list of challenges for the future of federal acquisition. Shirl Nelson of Acquisition Solutions, Inc., focuses on three—workforce, oversight, and performance-based acquisition—with some suggestions for what the future can hold. She argues quite passionately, “We must go beyond the symptoms to find the reasons for current acquisition failures.”

Dr. Allan Burman, a former administrator of the Office of Federal Procurement Policy, squarely addresses what is behind Mr. Suss’s concern. What is inherently governmental? And has the government reached a “tipping point” regarding an overreliance on contractors?

Execution

Any incoming president faces the issue of which remnants of the previous administration to retain and which to discard. In a forthcoming article, I argue that three elements are worth not only retaining, but augmenting—e-government, accountability, and mobility. The latter two are the focus of articles by Robert Tobias of American University and Stephen O’Keeffe of the Telework Exchange, respectively.

Tobias calls for performance management to become the “president’s thing,” for the head of the executive branch to model the behavior sought and spend “less time on public policy creation and more time on public policy implementation.”

O’Keeffe finds a dynamic shift in the workforce environment, to which the government must adapt, where telework is propelling business continuity and pandemic planning, recruitment and retention, and real-estate savings.

Finally, Robert O’Neill, Elizabeth Kellar, Mark Abramson, and I wrap up the forum. O’Neill and Kellar suggest that one of the reasons we struggle with issues like health care, education, and the environment is that “we pay scant attention to the difficulty and the importance of working together and across boundaries.” Mark and I address the same issue—the challenge of managing across boundaries—perhaps not as boldly as O’Neill and Kellar.

In Part I of the forum, Professor Donald Kettl notes that the next president will face great policy challenges. To meet those challenges and deliver on campaign promises, our new president—and the American people—require a new and different government. We need a twenty-first-century government: responsive, resilient, flatter, more connected, seamless, and more transparent. Our hope is that this two-part forum constitutes a start in defining this new government and points the way to achieve it.

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Forum:
The Next President's Management Agenda

Human Capital— The Most Critical Asset

by Stephen Benowitz

Since the Comptroller General placed the management of human capital on the U.S. General Accountability Office's (GAO's) list of high risk programs in 1999, a series of legislative and policy initiatives have tried to recast the way federal agencies think about and perform the human capital function. While many have been high profile, for the most part these efforts have not succeeded in redirecting the management of its most critical asset, the people who perform the research, analysis, and support for the work of the U.S. government. Why is this issue one of the most critical facing the next president? Quite simply, it will drive the ability of the federal government to do its work. To find the answers to the question, one must determine what the work of the government will be and who will do that work.

New legislation to promote the management of human capital—the Chief Human Capital Officers (CHCO) Act of 2002 and legislation giving the U.S. Departments of Homeland Security (DHS) and Defense (DoD) the authority to establish new personnel systems—has not succeeded as planned. The CHCO Act does not provide any substantive context in which human capital programs should be established. The recent DHS and DoD legislation has been abandoned or delayed because of court decisions or congressional changes.

This legislation and the ensuing implementation strategies have come at a heavy price. The relationships between the highest levels of leadership in

What is needed now to successfully institutionalize long-term change?

many federal agencies and the organizations that represent their employees are as poor as ever. To move forward, the next administration must change its relationships with unions and employees and forge alliances on the important issues. This may well mean taking a different approach to improving the civil service laws, and some of the suggestions made in this article may well seem extreme in such a context.

Clearly, the change must start with improving trust between the two groups. Employees and their representative organizations will only gain trust in management if they believe supervisors and managers are acting fairly, particularly when changes in performance accountability and even more fundamental changes are proposed. As a start, the next president should call for and organize a summit with affected parties and charge them with reporting back their recommendations to the president and the Congress.

President's Management Agenda

The current president has raised the management of human capital to a higher level by making it one of five initiatives in the *President's Management Agenda* (PMA). This initiative, overseen by the U.S. Office of Personnel Management in consultation with the Office of Management and Budget, establishes a framework for agencies in planning and executing their human capital programs and sets specific goals and time frames for completion. From the latest published results (December 2007), seventeen of twenty-six agencies that are scored have received "green" scores for "current status" (the others are "yellow"). One of the agencies rated "green" received a "yellow" rating for progress (the remaining received "green"), and one agency rated "yellow" received a "red" rating for progress (the remaining received "green").

There is some substantial evidence that compliance with the PMA has not reached the depth in the organizations needed to sustain long-term change. Recent commentaries and roundtable discussions, as well as private conversations with leading human resource executives in the government, have led the author to conclude that far too much emphasis has been placed on meeting current compliance requirements and not enough on

sustaining long-term, strategic change. The former is understandable—emphasis on the PMA is very public and has taken substantial resources, if only to track, measure and submit necessary reports. The latter is unacceptable, and eventually will become apparent as the federal human capital crisis continues unabated.

Leadership for change is not coming from the leading presidential candidates either. The management of government does not make for good stump speeches or sound bites, and the current campaign seems to be following the trends going back at least to Ronald Reagan and Jimmy Carter. Overall, the candidates are all against "waste, fraud, and abuse" and to greater or lesser extents will take steps to reduce operating costs by reducing the number of contractors or the cost of the federal payroll. Who or what would pick up the slack caused by these reductions? More to the point, what skills would be lost, which must be renewed, and how would that be accomplished?

Several human resource areas must be addressed in the near future. Among them are leadership and leadership development, sustaining leadership of programs as administrations change, recruitment and retention of vital talent, and the need to remake our human resource management workforce. Elsewhere in this series of articles, Robert Tobias comments on an additional concern—the development and use of results-oriented performance management systems that link individual to organizational performance and to pay and rewards.

Sustaining Leadership

The core of America's leadership falls into two categories—political appointees who stay, on average, about two years, and the career leaders in various senior executive roles. In the past twenty plus years, the number of political appointees has grown and dropped down further into the leadership structure. As a counterpoint, the average age and retirement eligibility of career leaders has increased, to a point where there is a legitimate question as to who will be "in charge" during the upcoming transition. The answer to this problem lies in relying less on political leadership and building and sustaining career leaders. How can this be done?

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The answer to reducing the number of political appointees is one that crosses major parties: Democrats have shown the same tendency as Republicans in placing appointees in more and more positions. The so-called “Plum Book” (in reality, *United States Government Policy and Supporting Positions*) supports this: the total number of politically appointed leadership positions (above GS-15) was 2,073 in 1996, 2,074 in 2000, and 2,158 in 2004. The ratio between career and noncareer SES positions has only changed somewhat between 2000 and 2004. In 2000, noncareers held 9 percent of the SES appointments, and careers 89 percent; in 2004 (latest available data from OPM’s fact book), the percentages were 10 and 88 percent, respectively. (In both years, 2 percent were filled by limited-term appointees.)

Is this an area requiring congressional action? Perhaps, but the larger issue of recognizing the value of career executives cannot be resolved by new legislation. Trust must be built between career executives and appointees, and both need to have faith that the other doesn’t have an agenda not supported by the public. Generally, positions below assistant secretary (or equivalent) should be filled only by career executives to ensure that leadership is retained as appointees leave the administration. Filling deputy assistant secretary positions (and, further, designating one of these as the “principal deputy”) with career SES members will establish and maintain a higher level of career (and thus lasting) leadership for the government.

The longer-term objective is to develop longitudinal leadership for the executive branch. There are some good models for long-term, transformational change in government. The uniformed services provide the best model, while the Comptroller General (the head of the

GAO), who has a fifteen-year term, also may be a useful comparison. The non-political leadership at the ministry levels in Britain, Canada and New Zealand may prove to be useful to consider.

Career Executive Development

Ongoing development of the SES (and those aspiring to reach that level) is at best random and employee-driven. While the majority of federal employees are satisfied with the training they receive, few agencies have placed enough emphasis on developing a core of leaders and potential leaders. In the past five to seven years, a high percentage of graduates of SES candidate development programs were never placed in SES positions. Further, little was done to help prepare new executives, including identifying them earlier in their careers than typical applicants for these positions (such as GS-15s). The well-recognized private sector firms with outstanding executive development programs (such as GE and IBM) identify candidates early, give them great assignments so they learn the full business of the firm, assign highly skilled mentors, and offer outstanding education opportunities. The civilian sector approach pales in comparison with that of the uniformed services—by the time the average officer reaches the grade of O4 (major or lieutenant commander), the officer may have received a graduate degree and spent one or two terms in a military school, all part of the services’ career management programs. With few exceptions, the civilian executives have few similar opportunities. Newly appointed members of the SES also would benefit from strong mentors. These individuals would not only be technical experts, they would have to understand the bureaucratic process and know how to get things done. Among whose roles

As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it, avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertion in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. The execution of these maxims belongs to your representatives, but it is necessary that public opinion should co-operate. To facilitate to them the performance of their duty, it is essential that you should practically bear in mind that towards the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment, inseparable from the selection of the proper objects (which is always a choice of difficulties), ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiescence in the measures for obtaining revenue, which the public exigencies may at any time dictate.

—An excerpt from Washington’s Farewell Address, 1796

would be to guide new SESers through the bureaucratic/political process. These mentors would be especially useful to newly appointed SESers who come from outside government, and have not had experience navigating the federal system.

To sustain ongoing executive leadership, the next administration should set two goals. The first is to require leadership development programs that transcend Administrations and prepare our future leaders. This may require some creative approaches to the competitive requirements set in law for selection to the SES, but there is no reason that this cannot be achieved under current law. The second and more important objective is to fund these programs sufficiently and in a way that the money is protected for this purpose. What funding level is sufficient? Well, the proposal for the U.S. Public Service Academy would authorize about \$205 million a year, including construction of a new campus for the facility. With the abundant supply of highly rated schools of public administration in the country, this funding could be spent much more wisely, in part, on developing future leaders. If only half of the proposed authorization for the PSA were spent on development of current and future executives, it would allow about \$10,000 per person, an extraordinary improvement and an outstanding legacy for any Administration.

Staffing the Government

The work of the federal government has changed dramatically over the past 50 years, from a focus on clerical and administrative, “command-and-control” positions to ones that emphasize people with highly technical scientific and analytical skills who can work independently or as effective members of teams. Much discussion has focused on how to target great applicants, and the consensus is that several hurdles face the government: the declining size of the labor market over the next ten years, competition for those with highly developed skills, perceptions of the federal government as an employer of first choice, and competitiveness of the total federal compensation package. Success can only be achieved if the highest levels of leadership “own” the HR issues and ensure that program managers share this ownership with them.

The baby boomers (those born between 1946 and 1964) are now reaching retirement age; the Social Security Administration recently made a big show of the first baby boomer filing for Social Security. Subsequent gen-

erations are not as large, and the looming labor shortage in all categories is staggering—estimated at fifteen million in the United States alone within ten years. Absent a totally different approach to immigration, and a shift in the global economy to make it feasible to hire globally for U.S.-based work, this is a limitation of great significance with which all U.S. employers must cope. It will make it even more difficult for the federal government to staff itself appropriately (with its own employees or through contractors).

The model for the future federal workforce or worker is also undergoing dramatic change. In the past, our expectation was that someone would work for thirty years and retire between the ages of fifty-five and fifty-seven. We now know that newer entrants to the federal workforce should be expected to follow career paths more like the private sector, possibly staying for only three to five years. We also have the opportunity to recruit some very experienced staff members who are leaving a private-sector career and want to perform public service for a number of years. These individuals will also need to be cultivated and treated in a way that will encourage their participation in public service. For this latter group, agencies should be able to hire individuals for periods of up to five years, based on the agency’s certification of the individual’s skills.

Strategic Human Resource Planning

The first step is to ensure that government agencies are truly engaged in strategic human resource planning, linked directly to long-range program plans. Absent very specific hiring goals, recruitment strategies, employee training and development, and aggressive compensation programs, the efforts will fail. The government is barely out of the gate on developing strategic HR plans, so continued emphasis must be placed on these projects at the highest levels. The second step is to infuse the market with targeted recruiting (not just advertising but real-time, on-the-ground coverage) that seeks to identify and convince people to work for the government. Because of the need to fill so many positions (192,000 critical jobs in the next two years alone), which span all levels from entry to the most senior, recruiting will have to target two and possibly three generations over the next several years. Strategies will have to reflect not only generational needs (and should not assume all those in Gen X, for example, have the same needs or interests), but also

must reflect the interests of various cultures and occupations (as well as others).

Hiring Rules and Compensation

Federal hiring rules and compensation have often been cited as the key roadblock in successful recruiting. While this may be true in some cases, better use of existing compensation structures could be very useful. If recruiters were able to offer positions easily (on-the-spot when conducting interviews, for example), they would likely increase their acceptance rate dramatically. Job applicants often get discouraged by the time it takes for hiring decisions or perceive that the lengthy, bureaucratic process represents what working in the federal government is really like. The State Department has been very effective in running online career fairs which, to the applicants, appear seamless and result in “instant offers.” So it can be done. Evidence is increasing that newer recruits do not consider “careers” the way the baby boomers did. They are interested in situations that offer growth, learning, and opportunities for the next job. They do not plan to spend an entire career with one agency or even the federal government.

Some seemingly simple changes to the promotion rules, which OPM is now considering, could also help. If promotions were based on achieving a certain skill or competency level, and not simply meeting seniority requirements (having served in the next lower position for one year or more to meet qualification requirements for the next level position), career paths would not only open to those who gain new skills, it would also help move the government away from its high reliance on seniority.

Other Needed Changes

Other changes to benefits plans would also serve to attract a broader range of applicants. Rather than separately defined systems for retirement (other than Social Security), health benefits, and other insurance programs, the federal government should consider a cafeteria-style benefits program, with a set limit on government contributions. While the government is rightfully proud of the benefits choices it offers, it ultimately limits employee choice by stovepiping these plans. These changes would require legislation, not only in the federal personnel laws, but also in some of the tax provisions that govern some aspects of these plans.

Recruiters need to be able to promise that new employees will receive immediate benefits, recognizing that

they likely will stay with the agency for a relatively short time. However, the greater the investment (including opportunities for new challenges) is, the more likely the individual will remain.

With regard to compensation, absent a long-overdue makeover of the federal pay structure, agencies have to make the various components of pay flexibility work for them and their recruits. Simple questions they must be able to answer relate to total pay, hiring or signing bonuses, and opportunities for advancement. The language should be kept simple, things bundled together, and paperwork absent. Agencies also must have a well-developed policy for education and learning, including student loan repayment and tuition support for additional training, especially graduate degrees, other technical training, and executive development and education. As noted elsewhere, this means a long-term commitment of funds to ensure that these promises can be made and kept.

More Dramatic Changes

Several dramatic changes must be considered that could have lasting, positive impacts on the civil service, but also require the support of all stakeholders. As noted earlier, one of the first initiatives of the next president should be to convene a task force representing the federal agencies, employees and their representatives, and other key stakeholders to develop practical and politically acceptable changes to the federal personnel system. The task force could consider these dramatic changes, and find ways to implement them so that all find the solutions acceptable.

Veterans Preference

Two changes could be made to the hiring systems in place. The first would be to limit the use of “Veterans Preference” to one opportunity. Once veterans accept a position using Veterans Preference, they should not be able to apply for other positions through competitive applications (that is, processes outside an agency’s internal merit promotion procedures where Veterans Preference is applicable). We owe veterans a great deal, and we provide them substantial benefits: education, funding to start a business, and life-long benefits and annuities for those who retire from the uniformed services. In line with these benefits, a one-time use of Veterans Preference to help secure a career position in the federal government is appropriate.

Minority Applicants

A second issue is the need to change the administrative procedures in effect for hiring into administrative occupations that grew from the settlement of a class action lawsuit filed nearly 30 years ago, the so-called Luevano decree. The consent decree was approved by the United States District Court for the District of Columbia on November 19, 1981, resolving a class-action suit that was filed in 1979 alleging that the Professional and Administrative Career Exam (PACE), which the government had been using to hire into about 120 occupations at the GS-5 and GS-7 levels, had adverse impact on the employment of African Americans and Hispanics for reasons that were not job-related. The decree has resulted in administratively difficult procedures to hire into the administrative occupations and the development of work-arounds that have now been ruled by the U.S. Merit Systems Protection Board (MSPB) to violate the decree (e.g., outstanding scholars). Further, some studies suggest that the intent of the decree has not been met and, in fact, opportunities for minority applicants have decreased.

Penalties for Poor Performance

The third controversial issue is to change the system in place since enactment of the Civil Service Reform Act of 1978 regarding penalties for poor performance (removal or lesser penalties). Many managers and executives argue that the cumbersome requirements are so difficult to achieve that they frustrate attempts to address poor performance. Public conversations have been held for many years about limiting the appeals for these penalties (giving employees only “one bite at the apple”), but no changes affecting the entire civilian employment population have been enacted. Some of the recent changes to provide DoD and DHS with separate personnel authority have included simplified removal procedures, but have not survived court or congressional intervention. While the author would not change the competitive system for hiring most federal employees, new approaches are needed to address poor performers. The presidential task force should make recommendations for more efficient ways to address inadequate performance and should include in its discussion the consideration of an “employment at will” structure. Some states (Georgia and Texas for example) have been working under these systems, and they and others could serve as models. Because the U.S. Supreme Court has held that federal employees have a property interest in

their jobs, some form of review would have to be adopted, but it may be as simple as designating a high-level official in the agency to serve in this role and provide an independent assessment of the facts.

Quality of Life

Finally, agencies need to make a long-term commitment to “quality-of-life” programs to encourage applicants. Chief among these is telework, which enables individuals to save time (and the environment) by not going to an office every day, an exercise that in the larger cities can involve commutes of up to two hours each way. Few agencies are using this flexibility well, either as an incentive or as a cost-saving device (for employees and the agency). Allowing the maximum number of employees to participate in such a program is also the best way to ensure that agency operations can continue in an emergency, such as a flu pandemic. Unlike a day or two lost because of bad weather, a flu pandemic could close offices for a long period. Federal employees would be needed to coordinate work among federal, state and local health agencies, and maintain many ongoing programs (such as Medicare and Social Security) as well as handle other potential emergencies.

The technology exists to do this from home, but an investment must be made to (1) allow employees to telework now, (2) enhance the security of information technology systems so work can be performed remotely, and (3) encourage agency managers to trust their employees to make this work. If managers do not trust employees to work at home because they need to “see them” to believe they are working, attitudes need to change. Outputs and outcomes can and should be measured, and they should be the only measures necessary to determine whether telework is effective. The U.S. Patent and Trademark Office (USPTO) is generally recognized as the single best model in the federal government for an effective telework model; leaders of the new administration should learn from USPTO’s experience.

Renewing the HR Workforce

The government’s HR managers are in a crisis that must be addressed if they are going to be able to provide the strategic advice their agencies need. In the past, knowing federal civil service laws, regulations, and policies (as HR was a command-and-control function) and having the technical ability to process transactions were enough. Technology is replacing the need for transactional skills (or at least making centralization of those

functions possible, requiring fewer staff members). Now, at a minimum, an HR professional needs in-depth knowledge of the organization, analytical skills, including data collection and analysis, and communications ability, for working with managers and employees.

The year after the comptroller general declared federal human capital management a high-risk area, the Federal Section of the International Personnel Management Association for Human Resources (IPMA-HR) “sponsored a summit meeting of individuals representing senior human resource leaders and practitioners, the Office of Personnel Management and professional organizations to discuss the future of the federal human resource profession.” It then issued a report on the federal HR management profession, which proposed reshaping the skills of this workforce to focus on an analytical approach. Because of funding restrictions, not enough has been accomplished.

Recently, IPMA-HR reconvened the HR summit and is preparing recommendations. The group expects to continue discussions and publish outcomes and recommendations. Essentially, the workforce must recruit individuals who have the necessary analytical skills and are not afraid of data (numbers), who can advise managers on how to recruit and retain an effective workforce to

achieve the objectives of the agency, and who, ultimately, can serve as true partners in the management of their organizations. As with other occupations, this will require better recruitment, a commitment to ongoing learning, and competitive compensation.

Many in the HR profession who possess only transactional skills will no longer have a role in our agencies. Although shifting some to the newly developing HR service centers that perform the transactional work or to other support positions may be possible, a number of transactional positions will be eliminated (and individuals released or vacancies not filled). However, agencies must not fail to make the necessary commitment to filling HR positions with capable candidates—those who can provide the higher-level analytical and consulting skills needed to ensure that the HR strategy is well developed and effectively executed.

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Forum:

The Next President's Management Agenda

The Courage to Change When Challenged

by Tom Hughes

The nation faces an enormous challenge but has the opportunity to institute change through collaboration among top-level government and private-sector executives. Americans want an effective, efficient, and results-driven government as we move through the twenty-first century. We have great opportunities to leverage information technology (IT) in areas such as economic development, education, health care, homeland security, public

The U.S. government needs highly trained and talented top-level executives to promote innovation and growth through IT use.

safety, and worker productivity. Does the nation's government have the highly trained and talented top-level executives critical in promoting innovative ideas and growth through the use of IT? The answer is "No."

The government's process for hiring the top-level executives needed to implement this change-when-challenged approach appears to be broken. Government does not attract the best talent; instead, young people shy away from public service because they fear the bureaucracy moves too slowly for their career development paths. This top talent is crucial in leading government organizations to success using current IT capabilities and those yet to be discovered.

Our nation's top executives need to understand how to

- ◆ reinvigorate government by transforming today's organizations,
- ◆ use current and future technologies to institute change in government, and
- ◆ establish national goals beyond the current *President's Management Agenda* (PMA).

Reinvigorating Government

Reinvigorating the federal government requires changing the negative image many have of being a federal employee. Changing this image will help the government recruit the best top-level executives, who can serve as change agents as they address our current and future IT challenges. Unfortunately, many of those who seek change are criticized for their desire to modify processes that others see as "not broken." Thus, many current government change leaders face punishment rather than reward for the impact they have on process and policy.

Federal government efforts to attract talent and maintain institutional knowledge (in the face of downsizing, hiring freezes, attrition, and budget cutbacks) must be strategic. One approach is to hire younger leaders into the Senior Executive Service ranks or to hire effective senior private-sector managers to become part of the leadership hierarchy. The latter would challenge savvy business leaders with the opportunity to break down the twentieth-century stereotype of government bureaucracy, molding it into an environment willing to accept

change. The current presidential candidates have yet to address this issue.

Leveraging Technology

In a globally competitive environment, the United States must address the expanded use of IT to stay competitive. Many worry that China is taking our jobs, but its gross domestic product (GDP) is \$1.6 trillion, while we have a \$16 trillion economy with less than one-quarter of China's population. The real threat to our competitive status is that the top Chinese leaders, many of whom have advanced degrees in engineering, see technology as a means to achieve national goals. To stay competitive, the United States must develop a more dynamic educational system, one that can enable future political and agency leaders to grasp the power of IT and understand how it can be used to help America maintain its strong position in the global economy.

Many top federal government executives today don't understand how to use a BlackBerry, let alone leverage a simple idea like using Web technologies to communicate with the public or adroitly integrate two agencies with complicated policies and technologies for a common solution (health care, for example). One solution to this problem would be to ask major businesses to "loan" their top executives to agencies for a time to instill the changes needed to improve government.

Establishing National Goals

The current PMA "is an aggressive strategy for improving the management and effectiveness of the federal government." Although it is a good start, we need even more vision and commitment from the next president to engender ideas for improving the next generation of government services. We need to look at how the federal government uses IT, find out which uses work well, and meet the challenges of implementing new networking and IT to keep us competitive with other global economies.

One initiative that could be included in the next PMA would be to assemble the chief information officers to leverage broadband capability to the populace and improve government service delivery. The public

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simply needs inexpensive high-speed communication (broadband).

The Federal Communications Commission's Web site offers some detail on what broadband can provide, including the following (adapted from the site):

- ◆ Access to a wide range of educational, cultural, and recreational opportunities and resources
- ◆ Provision of medical care to unserved and underserved populations through remote diagnosis, treatment, monitoring, and consultations with specialists
- ◆ Electronic commerce (e-commerce) that can help create new jobs, attract new industries, and offer access to regional, national, and worldwide markets
- ◆ Help in streamlining people's interaction with government agencies and information about government policies, procedures, benefits, and programs
- ◆ Public safety information and procedures, including
 - ◇ early warning/public alert systems and disaster preparation programs,
 - ◇ remote security monitoring and real-time security background checks, and
 - ◇ backup systems for public safety communications networks
- ◆ Access to new telecommunications technologies such as Voice over Internet Protocol (VoIP), which allows voice communication using the Internet
- ◆ Ability to use Telecommunications Relay Services (TRS) and Video Relay Services (VRS) to communicate more easily, quickly, and expressively with voice telephone users.

Because of the wide scope of application, the lack of high-speed broadband penetration is a national issue. Government leaders appear to be taking a wait-and-see approach regarding faster broadband rollout. The United States now ranks fifteenth in the world in broadband implementation, down from fourth just a few years ago: how long can we continue to have the largest GDP when we are constantly dropping in the ranks of broadband use? The next administration needs to take action to move the United States into first place. To do so, we must jettison old dogmatic policy and make way for the next generation of technological advances. This change will bring new opportunities for America to advance in nanotechnology, biotechnology, Internet leverage, improved graphical systems, and more.

Conclusion

A drastic change takes a great deal of knowledge and courage, but we can't afford to maintain the status quo. We need the courage to continue changing government. Our candidates for president need to understand these challenges, set an agenda involving smart executives and next-generation technology, and begin communicating it in their speeches to America.

Reference

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There are two barriers that often prevent communication between the young and their elders. The first is middle-aged forgetfulness of the fact that they themselves are no longer young. The second is youthful ignorance of the fact that the middle aged are still alive.

—Jessamyn West

Acquisition Challenges, 2008 and Beyond

by Shirl Nelson

As we head into 2008, federal acquisition faces a long list of challenges; three of the most pressing are the workforce, oversight, and performance-based acquisition.

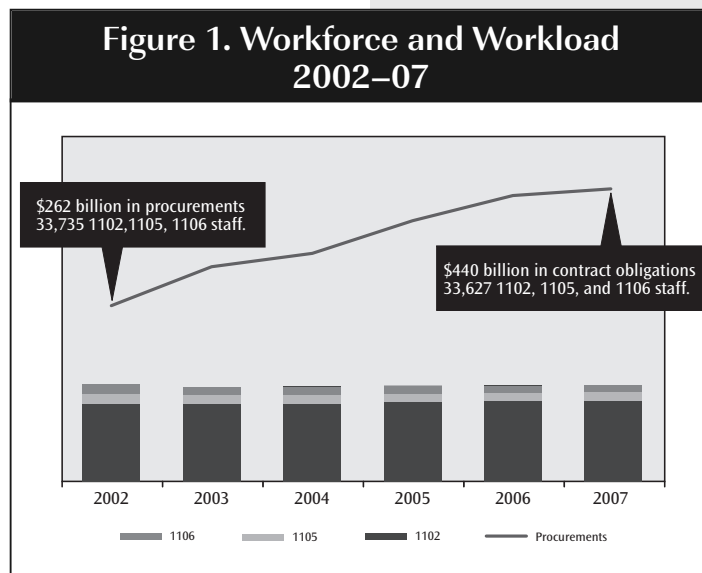
Workforce

The key challenge for federal acquisition is rebuilding the workforce to give it the right size and right skills. There simply are not enough people to do the work, which greatly increased in volume and complexity at the same time that the workforce was slightly declining (Figure 1). Some of those remaining in the workforce lack the skills to handle task order awards, much less the award of original contracts to support major programs.

As veteran practitioners have left the workforce, the federal government has lost their knowledge and experience, as well as their availability as mentors for the next generation. The acquisition workforce of the 1970s and 1980s featured supervisors who reviewed their employees' work, coached them to improve, and helped them work through challenges. That is much less prevalent today. Today, supervisors themselves carry crushing workloads and have little time to mentor junior staff members. The little training available is too often of the "check-the-box" type rather than effective, situational, just-in-time training likely to produce better results—and more competent people.

What is the "right size" for the workforce? We can calculate cost-to-spend and other ratios and conduct a comparative analysis for the contracting component of the acquisition workforce. Such analysis renders statistical indicators for workforce size, but we must consider other factors before deciding for a particular agency (see box).

The new administration needs to rebuild the workforce, properly oversee it, and correctly use performance-based acquisition.



Source: Procurements FPDS-NG data; Staff (1102, 1105, 1106), FedScope data.

Organizational structure and authority

What level of procurement authority exists within the contracting operation? To what extent are contracting officer warrants provided to promote delegation to the optimum level? Are warrants issued only to those qualified with proper education, training, certifications, and experience? Is the organization operating in parity with its customers?

Span of control

What is the supervisory span of control (supervisor-to-nonsupervisor ratio)? Is it representative of a control-oriented environment, where production and compliance are valued, or more of an empowered environment preferred by higher-educated, self-motivated leaders of change? When managers function more as enablers of change than as reviewers of work, the ratio can be higher. When day-to-day supervision is necessary, a lower ratio is in order.

Policies and procedures

Are proper and current policies, procedures, and processes in place to ensure efficient use of resources? Are they maintained in an easily accessible central location, such as an electronic resource? Is it necessary to continuously issue policy letters that fall outside the normal policy infrastructure? Are employees confused about organizational practices in certain areas, necessitating peer-to-peer collaboration on how others approach a practice?

Quality and internal management controls

Are acquisition plans, source-selection plans, and award decisions reviewed at the appropriate levels? Is an acquisition system review process in place to detect process issues, and does management act on it to improve quality? Have negative audit findings detected quality issues and lack of internal controls?

Level of automation and reliability of information

Do managers have the right information at the right time to make decisions? Are procurement processes automated and integrated with other agency systems to improve efficiency?

Training and development programs

Is the staff well trained to perform routine tasks (such as simplified purchases) that clearly require less supervision? Is the staff trained in emerging practices such as performance-based acquisition and strategic sourcing that provide value-added services to the customer? Staff members should be developed to be effective business advisors rather than merely transaction processors. Is the training budget sufficient to ensure continuous training of the staff?

Trend analysis

Are budgets increasing or decreasing? Is spending per employee rising or falling? Is the cost-to-spend ratio increasing or decreasing? Are the number of transactions increasing per employee or decreasing? Organizations should track data over time and analyze trends to synthesize the information in the context of these other characteristics of an organization's maturity.

Complexity and acquisition practices

Are acquisitions becoming more complex? Are major systems being replaced, requiring more sophisticated thinking? Are acquisition managers aligned with agency planning? Are they thinking and sourcing strategically? Are they contracting for results?

Customer alignment and teaming

Does the agency embrace integrated project teaming, where the contracting officer functions as the "deputy for acquisition," or is a "throw it over the wall" mentality frustrating customers and diminishing organizational efficiency?

Employee morale and turnover

Are employees leaving at an unusually high rate? Is stress affecting morale? Studies have shown that it costs at least 150 percent of an employee's annual salary to rehire and train a new employee.

Available resources

Are other resources, including contract support to meet workload or special skills demands, being used for non-inherently governmental work to their greatest benefit?

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Hiring more people doesn't help if we drop them into a toxic environment, one that stifles innovation and kills enthusiasm. Managers too often throw their newly hired, perhaps even freshly trained, recruits into this type of environment and then quickly lose the benefit of their investment. Turnover is costly, as mentioned previously. A toxic environment has the following characteristics:

- ◆ *Lack of leadership.* No one at the top understands the importance of acquisition, which now accounts for anywhere from 40 percent to as much as 90 percent of agency discretionary budgets. No one inspires the staff to make a difference. Shared values are not communicated. No positive culture is identifiable: those from outside view the acquisition organization as an obstacle rather than a partner. Acquisition managers don't demonstrate any strategic thinking or behavior modeling that makes program and financial managers in the agency want to give them any influence.
- ◆ *No strategic linkage.* The staff has no widely shared understanding of the relation of their jobs to mission accomplishment. A grand plan for sourcing strategically to meet customer requirements is lacking; the focus is on completing individual transactions. Individual performance plans are not linked with the success (not just the award) of major contracts and programs.
- ◆ *No culture for capturing and sharing knowledge.* Communities of practice and technologies to support knowledge capture, sharing, and reuse are absent, as are robust, up-to-date policies and procedures in a centralized and easily accessible—ideally, electronic—location for all to use. Everyone is on his or her own. Not only do employees not have experienced supervisors to coach and mentor them, they don't have policies and procedures to consult for consistent guidance in producing high-quality work.

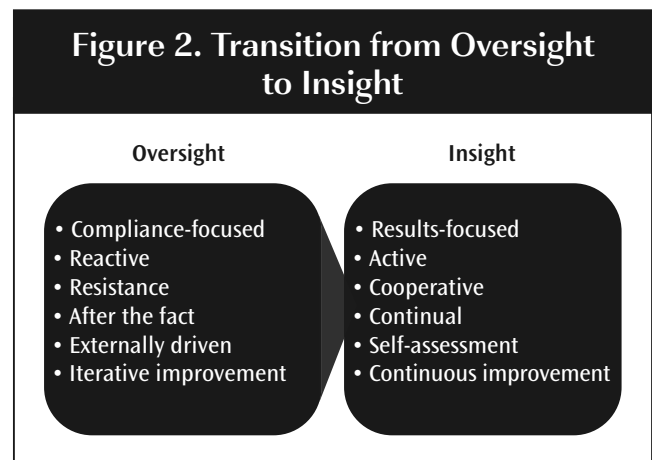
Acquisition managers certainly don't want to foster toxic environments for their staffs, but many do not have the time or resources to assess their organizations, much less address the problems.

PBA works when its methods are followed from pre-award planning through post-award performance.

Oversight

A second key challenge is the appropriate extent and intent of oversight (of the management kind, as opposed to criminal detection), which is certainly necessary, but the extent must be tempered. Oversight was mild in the 1970s, severe in the 1980s, very mild in the 1990s, and oppressive in the current decade. When the overseers outnumber the doers by about 5:1 (as in the Federal Emergency Management Agency), they can contribute to the problem rather than the solution. A workforce already stretched to the mistake-prone limit is overburdened responding to oversight demands—especially when providing documents to two, three, or even four oversight entities concurrently, or worse, in a row. Oversight has to feature common sense and balance.

The intent should be insight rather than merely oversight. Figure 2 outlines a transition that could be constructive for acquisition improvements. However, two factors are converging to intensify acquisition oversight in the next year or so: current movement in that direction and the pending elections, which tend to generate greater scrutiny of incumbent practices of all kinds.



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Performance-Based Acquisition

The third key acquisition challenge is full implementation of results-based acquisition, often referred to as performance-based acquisition (PBA). Congress, the Government Accountability Office (GAO), the Depart-

ment of Defense, and the Office of Federal Procurement Policy remain committed to PBA. However, although agencies report they are doing PBA, many of the reported awards are not PBA. The Acquisition Advisory Panel (AAP) confirmed the findings of previous studies that many contracts are incorrectly reported as PBA: “[Federal Procurement Data System] FPDS data are insufficient and perhaps misleading regarding use and success of PBA.” The AAP’s survey of 55 contracts and orders reported as PBA found that only 36 percent reflected all the PBA attributes, 22 percent were questionable, and an astonishing 42 percent were not PBA at all.

Many observations (including those of Acquisition Solutions, Inc.) of government solicitations confirm that agencies “do not have a good understanding of performance-based contracting and how to take full advantage of it.” Many contracts awarded using PBA methods are not managed as PBA. To be effective, PBA methods—such as managing by relationship, selecting the meaningful and vital few performance measures (versus the trivial many), and monitoring the metrics—must be followed after award. When contracts fail, we have to look at the causes of the problems and stop attacking the symptoms.

The AAP’s findings on PBA indicate that establishing good performance measures is one of the more difficult aspects of conducting a PBA. Our experience bears this out. Our clients, including those who fervently believe in PBA, tell us that they don’t know how to articulate outcomes, nor do they know how to measure results other than for compliance with specific requirements.

Leading PBA Practices

Establishing optimal performance measures and metrics is just part of the challenge of PBA. PBAs, especially transformational PBAs, should be led by a team of program and contracting personnel that employs these leading practices:

- ◆ Ensuring strategic alignment with agency goals and stakeholder needs
- ◆ Developing change management strategies to address the cultural transformation that is essential for successful PBA
- ◆ Developing communications strategies for continually communicating with stakeholders, including industry
- ◆ Conducting one-on-one market research with industry leaders

- ◆ Publicizing the agency budget (not the independent government estimate) for the project for scope and solution realism
- ◆ Articulating requirements in terms of objectives and desired outcomes
- ◆ Providing meaningful due diligence opportunity for down-selected vendors to fully understand the environment and constraints under which their solution needs to be successful (due diligence is necessary for preparing realistic proposals)
- ◆ Establishing the few (rather than many) meaningful performance measures and metrics
- ◆ Having governance mechanisms in place prior to contract award
- ◆ Managing for outcomes according to the performance measures and metrics, rather than compliance with detailed specifications.

Compliance or Results

PBA is hard, complicated acquisition, as show by its definition:

“ (1) Describe the requirements in terms of results required rather than the methods of performance of the work; (2) Use measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) and quality assurance surveillance plans (see 46.103(a) and 46.401(a)); (3) Specify procedures for reductions of fee or for reductions to the price of a fixed-price contract when services are not performed or do not meet contract requirements (see 46.407); and (4) Include performance incentives where appropriate.”

For FPDS reporting purposes, a minimum of 80 percent of the anticipated obligations under the procurement action must meet the above requirements.

Not enough acquisition organizations have the capacity or skills to conduct and manage an acquisition for results. It’s so much easier to administer a contract for compliance. Therefore, behaviors slip into compliance tracking—such as whether reports were delivered or the contractor complied with specifications—rather than monitoring and measuring for results—such as whether objectives were met and goals achieved.

This brings us full circle to the sophistication of the *larger* government acquisition workforce (the one engaged from requirements identification through completion of performance). Why is it that we spend billions of dollars on programs, pour in millions more to save troubled contracts and programs, but don’t invest in the

workforce resources necessary to get the job done right in the first place?

Our clients tell us that when they follow performance-based methods, they get a better result. They get a much faster award than when developing detailed requirements and specifications, and they get better performance when they have the right measures and metrics. When they get off track, usually because of some external force such as program budget cuts or significant leadership turnover, the wheels fall off the wagon. In other words, PBA works when its methods are followed from pre-award planning through post-award performance. But all too often, behaviors revert after award.

Solutions

The way forward requires experienced leaders inside the system, in both the executive and legislative branches, who understand acquisition and have the capacity to lead.

Appropriators should address the resource needs of the acquisition workforce. Senators Susan Collins and Joseph Lieberman's S. 680, the Accountability in Government Contracting Act, will help if enacted. More is needed, such as training funds and a government-industry exchange program for acquisition, as antithetical as that may seem in this era of heightened conflict-of-interest concerns. Although a government-industry acquisition exchange program with proper safeguards can be devised and would benefit the government as much if not more than industry, it's an idea not likely to come to fruition at this time—but it's one that should some day be realized.

Overseers should strike a better balance between oversight and mission needs, striving for constructive insight that will help agency managers improve acquisition operations. Nonetheless, agency managers should prepare for increased scrutiny by conducting their own assessments using the GAO Framework for Assessing Acquisition Organizations. In fact, they should go a step further and ask their overseers for help in planning their self-assessments and then document their improvements.

Agency managers should consider their overall environment before determining staff size and investing in

new hires. They should invest in the workforce, not just with check-the-box training but with organizational improvements that address the need for learning and growth, inspire innovation and achievement, and provide guidance and tools such as effective training tied to performance.

The future of PBA depends on following the practices and modeling the behaviors that produce results, from planning through final performance—not just to award.

Summary

The acquisition workforce will be gradually rebuilt, but to optimize that workforce, acquisition leaders must establish an organization strategically aligned with the direction of the agency and an environment that fosters learning, innovation, and creativity. Acquisition oversight will intensify over the next year or two, but acquisition leaders can prepare by conducting their own assessments and embarking on improvements in anticipation of external reviews.

The benefits of PBA have not yet been fully realized because many challenges with implementation remain, notably the lack of understanding of what PBA really is and the dearth of skills to articulate and measure outcomes. We must go beyond the symptoms to find the reasons for current acquisition failures. Commitment to PBA will continue because the methods work when fully employed.

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Forum:
The Next *President's* Management Agenda

Inherently Governmental Functions: At a Tipping Point?

by Allan V. Burman

More than 15 years ago, the U.S. Office of Management and Budget (OMB) Office of Federal Procurement Policy issued Policy Letter 92-1, Subject: Inherently Governmental Functions. This 1992 document offered the first government-wide guidance to help executive branch officers and employees avoid making “an unacceptable transfer of official responsibility to government contractors.” Implemented in Subpart 7.5 of the Federal Acquisition Regulation, the policy has remained relatively unchanged since its issuance. Even the comptroller general’s 2003 Commercial Activities Panel proposed no significant adjustments to this guidance as the panel addressed the merits and procedures for contracting out government work.

However, as more and more reports question the government’s reliance on contractors for activities ranging from providing security services in Iraq to overseeing another contractor’s performance, is it time for another look? Does the policy still hold up? Has the government reached a “tipping point” regarding an overreliance on contractors, as suggested by Charles Tiefer in *Government Executive* magazine? What was the reason for putting it in place back then? Do changed circumstances today require the government to rethink the policy, pulling back from the level of discretion afforded by this earlier document? And if so, how should that be done?

Inherently Governmental Functions

Letter 92-1 states that an inherently governmental function is a function that is “so intimately related to the public interest as to mandate performance by government employees.” It goes on to explain that these types of functions involve exercising discretion in the use of government authority or making

Should the government rethink its long-standing policy on contracting out work?

value judgments in government decision making. The specific definition is as follows:

“An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as to:

- (a) bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise;
- (b) determine, protect, and advance its economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal judicial proceedings, contract management, or otherwise;
- (c) significantly affect the life, liberty, or property of private persons;
- (d) commission, appoint, direct, or control officers of employees of the United States; or
- (e) exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of appropriated and other Federal funds.”

These broad prescriptions are bolstered by a set of examples that offer more detailed guidance on what should or should not be undertaken by contractors. The policy relies on OMB Circular No. A-76, “Performance of Commercial Activities,” to identify the activities that could be contracted out, but presents its own list of activities that require special attention because they so closely affect the public interest.

The list of inherently governmental activities includes—among other things—such specific actions as the “direction and control of federal employees, the determination of federal program priorities and budget requests, and determining what supplies or services are to be acquired by the government.” All nineteen items listed can still be found in Appendix A of 92-1. The document also includes an Appendix B that identifies nineteen activities that are not inherently governmental but may approach being so because of the way the government administers the contractor’s performance or because of the way the contractor performs. The latter nineteen items include services that involve or relate to the de-

velopment of regulations, preparing budgets, or support of acquisition planning.

Non-Inherently Governmental Functions

The basic distinction between the two lists is the question of who decides the course of action. The Appendix A activities require governmental decision making because they are so intimately related to the public interest that no question of ulterior motivation can be allowed to arise concerning those choices. Accountability remains squarely with the public servant. Appendix B, however, identifies a significant opportunity for contractors to contribute to the decision-making process, but limits their roles to providing support or information that will allow an informed choice. As stated in the policy letter, “Inherently governmental actions do not normally include gathering information for or providing advice, opinions, recommendations, or ideas to government officials.”

That distinction was made as a means to allow the government to take advantage of significant expertise in the private sector on a host of topics. However, the intention is clear to ensure that the government remains fully in charge and in command of the actions it is taking. This question of accountability is central to the issue of what should or should not be contracted out. In many ways, this may be the rub today. Is the government staffed and equipped to make independent judgments on the advice it is receiving from contractors? In many respects, this becomes a human capital and resource constraint issue, touching all aspects of the government employee-contractor equation, from staff size to expertise and training, and even to the basic questions of pay comparability and hiring efficiencies.

Policy Letter Justification

Various agency policies regarding these types of activities had been around for years, but the 1992 document was the first attempt at a consistent government-wide approach to the issue. As part of the justification for its issuance, the document states: “Agencies have occasionally relied on contractors to perform certain functions in such a way as to raise questions about whether public policy is being created by private persons.” A clear case in point is the proscription in the document on drafting congressional testimony, preparing responses to congressional correspondence, and preparing responses

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to audit reports to the inspectors general, U.S. Government Accountability Office, or other federal audit entity. Although approval of a document is normally considered an inherently governmental activity, drafting some portions of it is not. However, in light of the sensitivity of these specific activities and the questions that might be raised about “who is in charge,” the document clearly prohibits using contractors to perform these roles.

Similarly, the document cites instances where “de facto control over contract performance has been transferred to contractors” as another reason to establish a clear policy that ensures solid federal oversight to remove any ambiguity about who is the decision maker. In this case, the document identifies the following as a major factor to consider in deciding “whether the award of a contract might affect, or the performance of a contract has affected, a transfer of official responsibility”:

“The contractor’s ability to take action that will significantly and directly affect the life, liberty or property of individual members of the public, including the likelihood of the contractor’s need to resort to force in support of a police or judicial function; whether force, especially deadly force is more likely to be initiated by the contractor or by some other person; and the degree to which force may have to be exercised in public or relatively uncontrolled areas. (Note that contracting for guard, convoy security, and plant protection services, armed or unarmed, is not proscribed by these policies.)”

The above section reads like something developed to address the Blackwater debate today. In many ways, it also shows the limitation of the policy in that it states these issues as important to consider but provides no bright-line test of allowability. In other words, as the document states, a decision needs to be made on the basis of the “totality of the circumstances” to determine the appropriateness of contracting something out to the private sector. Although some activities, such as providing maintenance support on a military base, are easy to address, others, such as the kinds of politically sensitive actions many are concerned about today (intelligence gathering or security services

in Iraq, for example) are not. The policy demands a case-by-case determination. Moreover, this middle area is broad, decidedly gray, and subject to considerable debate.

The Qualified Staff

A factor noted in the policy letter that perhaps requires further review and reflection today is the point, “Agencies must, however, have a sufficient number of trained and experienced staff to manage Government programs properly. The greater the degree of reliance on contractors the greater the need for oversight by agencies.” It further addresses this concern, noting, “Official responsibility to approve the work of contractors is a power reserved to government officials. It should be exercised with a thorough knowledge and understanding of the contents submitted by contractors and a recognition of the need to apply independent judgment in the use of these work products.”

Formulating an inherently governmental policy that includes a bright-line test for every activity for which the government may want to consider using contractors would be difficult. Moreover, government officials should have discretion on these types of decisions on the basis of the circumstances. However, ensuring that the government has the staff and expertise to make these informed and independent decisions seems much less of an issue. Here, the answer is ensuring that the agency has the core competency to adequately carry out its oversight and decision-making responsibilities. If the activity is central to the agency’s core mission, perhaps further review should be required to see that resources—trained staff members with appropriate expertise and in sufficient numbers—are available to ensure the public interest is served.

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“The greater the degree of reliance on contractors the greater the need for oversight by agencies.”

The President, Outcomes, and Performance

by Robert Tobias

Since Congress passed the Government Performance and Results Act of 1993, the federal government has been struggling to measure outcome rather than output. Agreement is universal that designing and implementing an outcome-based performance management system would increase agency performance, as well as taxpayer satisfaction with the federal government.

Performance Management System

An example of an outcome performance management system can be found in the Internal Revenue Service (IRS). The agency wants to be able to measure whether its actions increase the rate of voluntary compliance (outcome) rather than measuring only the number of taxpayers audited (output). The IRS's primary mission is increasing citizens' compliance with the tax code, so knowing whether it is achieving that goal is more important than counting audits. Most federal agencies are in similar situations.

Why doesn't every government agency at every level have outcome performance management systems? Why has it taken the U.S. Office of Management and Budget (OMB) so long to start something so basic, especially when improving organizational results is this administration's mantra? The executive branch needs presidential leadership to undertake such an initiative. Only last year, after this president had five years in office, did OMB mandate that every agency select employees to form a test group and design and implement an outcome performance management system for those employees. The executive branch is still at the starting gate, while the administration's remaining days in power dwindle.

Will the tests lead to learning, adaptation, and broad implementation, or the slow death associated with "no support"? The jury is still out. We do know, however, that creating a performance management system with outcome goals is very difficult.

The Challenges

The challenges to a performance management system include the following:

- ◆ Agencies have difficulty accepting accountability for achieving outcome goals when they have little or no direct control over the outcome. For

Changing from outputs to outcomes—evaluating individuals and organizations on results—requires cultural change and leadership at the top.

example, the National Highway Traffic Safety Administration has no control over whether the public drives while drunk, but it nonetheless accepted responsibility for reducing the highway fatality rate per 100 million vehicle miles traveled from a baseline of 1.69 in 1995 to 1.38 in 2008—an improvement of nearly 20 percent. Similarly, the U.S. Department of Education has control of only 8.3 percent of K–12 school funds, but it is measuring its success in terms of increased student achievement.

- ◆ If an agency is willing to accept accountability for an outcome goal, defining that goal is often difficult. OMB defines outcomes as “the intended result of carrying out a program or activity ... an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public.” For example, according to OMB, the output goal for a tornado warning system might be the amount of warning time provided. An outcome goal is much broader and might include “the number of lives saved and property damage averted.”
- ◆ Initiating an outcome performance management system requires a change from hierarchical command-and-control management to a flatter organizational structure. Setting and achieving outcome goals requires agency leaders to create and manage networks of contractors, nonprofit organizations, and state and local governments. They cannot afford to wait for five levels of approval before acting.
- ◆ If agreement is reached on appropriate outcome goals, creating systems for collecting the data and evaluating results is difficult. The IRS had an easier time counting the number of audits than determining the level of voluntary taxpayer compliance.
- ◆ Finally, once outcome goals are defined and the measurement data collected, organizational goals must be subdivided into individual employee goals that can be identifiably linked to the organizational goals—an endeavor that requires difficult, disciplined, and detailed work.

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Changing from Outputs to Outcomes

Changing from output to outcome goals, and evaluating individuals and organizations on outcomes rather than outputs, calls for significant cultural change. No longer is an employee’s “working hard” a measure of success; rather, the measure is the influence of the work on the outcome goals of the agency. No longer do “long hours” alone generate an “outstanding” rating; they must lead to measurable results. Long-standing implicit agreements between employees and their managers defining loyalty and accessibility as the basis for an outstanding rating have to be eliminated and replaced by measurable results.

The resulting impact on evaluations, promotions, within-grade increases, and monetary awards would be significant. The current practice of annual evaluations containing great prose but little about specific, defined, and measured results would end. Passing one award per group around to several top performers would end. Only the top performer would receive an award, and that might be the same person every year.

Leading Change Who Will Answer?

Given the significant organizational change effort, who should be responsible for leading the change? Employees, supervisors, mid-level managers, unions, and members of the Senior Executive Service (SES) are resisting and will continue to resist movement to an outcome-measurement system. Why not have chief human capital officers (CHCOs) champion the effort? Over the years, human resources professionals have been responsible for creating the evaluation forms and systems. Moreover, political appointees turned to the CHCOs when OMB demanded each agency create a performance management test.

Although important, talented persons, CHCOs have no control over how managers actually manage individual performance. They are staff members to agency political leaders and career program managers responsible for results. Political and career managers, not CHCOs, must determine the program goals and insist that supervisors—working with those they lead—establish individual goals. CHCOs should assist agency political appointees and program managers in setting goals and give managers the training needed to create the relationships necessary to achieve the goals. Because “staff members” do not have program responsibility, they can-

not successfully lead the implementation of the major organizational change efforts needed to implement a performance management system. So long as performance management is a “CHCO thing,” its successful, broad implementation in the federal government is highly unlikely.

Although critical to a performance management system, program managers or members of the career SES are also not viable candidates to successfully lead the effort. To begin with, they have no time to plan and implement such a large change effort. They already have incredibly busy schedules as they seek to meet ever-increasing output goals with fewer people and resources. Giving them such prodigious additional work, on top of an already heavy workload, would not lead to success.

Furthermore, successful cultural change efforts reap few rewards and pose significant risk of punishment for failure. No large bonus is at the end of a performance management implementation rainbow, but unfavorable reports from the U.S. Government Accountability Office and inspectors general, stories in the *Federal Times* and *Washington Post*, and congressional inquiries and testimony can put black marks on career federal employees’ records. Finally, friends and colleagues are guaranteed to resist.

Why don’t the political appointees who head agencies and departments champion this change? Every textbook and consultant says that the “person at the top” must lead a significant change effort. But political appointees are, for the most part, uninterested in public policy implementation, and that makes perfect sense. They are evaluated by their president, peers, academics, and many agency stakeholders on their ability to create new public policy that will distinguish the sitting president’s initiatives from those of the other political party. Their traditional legacy is getting legislation passed and regulations issued, not effectively and efficiently implementing policies. Like SES executives and mid-level

managers, political appointees do not have the time for significant change efforts. Every minute spent on public policy implementation is one away from public policy creation.

Similarly, success holds no reward, but may be met with the grudging question, “Why did it take you so long?” The political appointee’s tombstone is not inscribed, “Helped to create more effective government.” If implementation fails, though, a humiliating public flogging could ensue.

No presidential plan has included a president’s modeling the behavior he sought

The Top Manager

At the “top” of the federal government is the president. Presidents have long talked about the need for a more effective and efficient executive branch. Each has had a plan of action that involves others’ changing their behavior. Presidents have demanded plans, new measures of success, public accountability, and so on. One need only recall President Nixon’s zero-based budgeting, President Clinton’s “Reinventing Government,” and President George W. Bush’s *President’s Management Agenda*.

No presidential plan has included a president’s modeling the behavior he sought—spending less time on public policy creation and more time on public policy implementation. We are stuck between presidential exhortations for change and the reality faced by those trying to make the change. Before political appointees, SES executives, and mid-level managers take the risk of spending time and energy on creating and implementing a performance management system, they need to see their boss, the president, change. They need to see the president spend time on this movement in cabinet meetings, talking directly to federal employees, and personally monitoring success. They need to see the president taking the same risks he asks the rest of us to take.

When performance management becomes the “president’s thing,” then—and only then—will it be institutionalized in the executive branch.

Shifting Federal Telework into Drive

by Stephen W. T. O'Keeffe

In early November 2007, the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia held a hearing on how to break new ground in telework. Telework Exchange, among other witnesses, testified on why the federal government is not further along in its telework adoption. Although resistance still remains, the workforce dynamics are rapidly shifting, and the government must adapt.

Telework is transforming the work environment—propelling business continuity and pandemic planning, recruitment and retention, and real-estate savings—to the benefit of government agencies, employees, and America. As the green movement takes hold, telework is not only improving the lot of employees and businesses, but providing a breath of fresh air for the environment.

Why Care about Telework?

Commuting

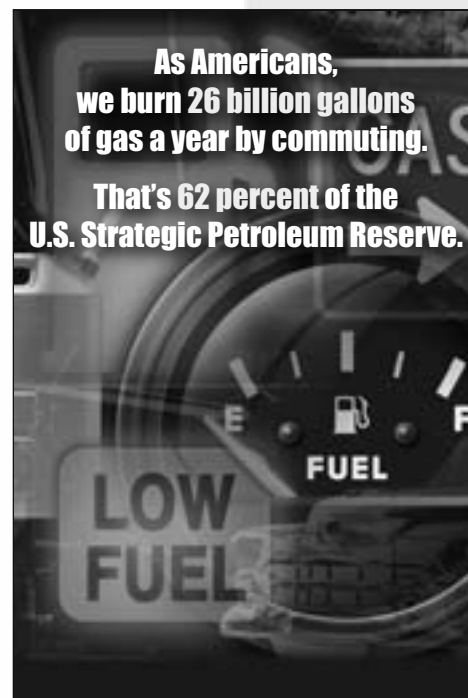
The Price

The federal workforce spends \$20 billion a year on commuting. If we extrapolate that figure to the U.S. white collar workforce, America spends \$572 billion per year on commuting, much more than the gross domestic product of the Republic of Ireland. According to Telework Exchange data, Americans burn 26 billion gallons of gas by commuting each year—or 62 percent of the U.S. Strategic Petroleum Reserve.

Pollution

The average commuting federal worker pumps 8 tons of pollutants per year into the environment, or 14.4 million tons across government. If all eligible federal workers teleworked two days per week, we could eliminate one-quarter of these emissions.

The benefits of telework justify accelerated agency adoption.



Adapted from www.teleworkexchange.com.

Time and Productivity

The average federal worker spends 245 hours commuting each year—more time than on vacation. If all eligible workers teleworked just two days per week, the federal workforce would reclaim 73.3 million hours of their lives each year. That's the equivalent of an additional week of personal time for every federal employee each year.

Pandemic Planning

As we approach flu season, pandemic planning is at the forefront. The president's pandemic plan calls out telework as a central plank in preparedness. The U.S. Office of Personnel Management's (OPM's) *Human Capital Planning for Pandemic Influenza* states, "Telework allows the federal government to remain responsive to the nation's needs at all times and should be an integral part of any agency's plans for continuity of operations." In a Telework Exchange poll, only 27 percent of federal employees said they will show up for work in the event of a pandemic (Figure 1). Just 21 percent said they are aware of their agency's pandemic plans, and of those, only 27 percent noted that their agency incorporates telework into continuity-of-operations (COOP) plans. Who will attend to America if Uncle Sam calls in sick?

Figure 1. Will you show up for work?



Source: Telework Exchange; *Federal Contact: Bird Flu in America*, May 11, 2006.

The Roadblocks

Given these statistics, why are federal telework roadways rife with obstacles?

Policy Confusion

No consistent telework framework or eligibility criteria exist for employees. OPM reports only 10 percent of eligible workers telework today, but a recent study shows that 79 percent would telework if given the option. These numbers don't make sense.

In fact, OPM needs to take a telework leadership role—like helping to establish a telework-friendly seal of approval for telework positions on USAJobs.gov. This would allow agencies to identify new jobs as telework-friendly to make the jobs more attractive. We proposed this program to OPM almost two years ago, and we are still waiting for an answer. At consecutive congressional hearings, members have asked OPM about its success in getting managers to buy in to telework as a standard operating procedure at their agencies. At each hearing, OPM has the same answer—no quantifiable data. Why not? OPM needs to get the data and provide the leadership.

That said, Telework Exchange will independently launch a government telework-friendly job bank on our Web site in 2008. Agencies will be able to post telework-friendly job positions on www.teleworkexchange.com. The site will empower Americans to search for telework-friendly federal jobs.

Intransigent Management

Management resistance is still the major impediment. Regrettably, in too many places in government, it's still management by walking around. That said, managers become more favorable to the telework idea as they manage teleworkers or telework themselves. The problem is that too few managers are teleworking.

Poor Mission Alignment

Just 35 percent of federal managers say that their agencies support telework. If telework is critical to COOP and agency leaders are committed to Homeland Security Presidential Directive 20, then clearly something is getting lost in translation.

Stephen W.T. O'Keeffe is the founder and executive director of Telework Exchange. Launched in April 2005, this public-private partnership focuses on demonstrating the tangible value of telework and serving the emerging educational and communication requirements of the federal teleworker community. The organization facilitates communication among federal teleworkers, telework managers, and information technology professionals. He can be reached at SOkeeffe@okco.com. For more information, visit www.teleworkexchange.com.

Lack of Resources

Agencies do not dedicate sufficient time and resources to telework. The majority of telework coordinators spend 25 percent or less of their time on telework.

Traffic Flow

Telework is not completely gridlocked, but traffic is clearly moving too slowly. Examples of agencies that took the right road with their telework programs include the Defense Information Systems Agency; Internal Revenue Service Wide Shared Services Virtual Office Program; Federal Aviation Administrations' Flights Standards, Western Pacific Region, San Francisco International Field Office; Federal Deposit Insurance Corporation; Treasury Inspector General for Tax Administration; and U.S. Patent and Trademark Office. The General Services Administration recently announced an aggressive telework commitment goal to expand telework to 50 percent of eligible employees by 2010.

In addition, Capitol Hill has shown overwhelming support with the Senate's introduction of S.1000, the "Telework Amendment" included in H.R. 3221, a proposal for a "National Telework Week," and most recently the introduction of the "Telework Improvements Act of 2007" in H.R. 4106. But even with the fuel-promoting adoption, only a few agencies are filling up. The question is why?

Lack of a federal mandate means that many agencies are not even considering telework options. Agencies must begin telework programs with a specific mission, need, or pilot. However, until telework has strong legislative support, agencies will fail to take the new road. Beyond policy, telework requires personnel, technology, culture, and training commitments to reap its myriad benefits. Like any program with a return on investment, there are initial costs associated with development.

What Can We Do?

Benjamin Franklin said, "The definition of insanity is doing the same thing over and over and expecting different results." We need to innovate to realize tangible progress, such as doing the following:

- ◆ *Address eligibility.* Offer telework as an opt-out, rather than an opt-in. Require justification from managers on ineligibility.
- ◆ *Address management resistance.* Educate managers and encourage management-specific pilot programs.
- ◆ *Test drive COOP.* Telework is not an antidote to be used in case of emergency. Agencies need to commit to telework up front and embrace it as a part of their standard operating procedure.
- ◆ *Allocate resources.* One full-time, senior-level telework coordinator per agency is critical. Agencies should develop a telework team that includes employees charged with handling their agency's COOP planning and information technology support.

Clearly, government telework adoption has much room for improvement. Organizations must consider telework a standard operating procedure as well as a shift toward a nationwide distributed workforce. Now is the time to put telework into drive.

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Society cannot share a common communication system so long as it is split into warring factions.

—Bertolt Brecht



Forum:
The Next *President's* Management Agenda

Now Is the Time for Collaboration

by Robert J. O'Neill Jr. and Elizabeth K. Kellar

The public tells pollsters that the most important issues facing our nation (other than the war in Iraq) are as follows:

- ◆ Security and safety
- ◆ Jobs
- ◆ Health care
- ◆ Education
- ◆ Environment
- ◆ Long-term economic security (retirement, Social Security, and Medicare).

None of these issues can be tackled without a national strategy. All of them transcend the boundaries of federal, state, and local governments and require the public, private, and nonprofit sectors to work together. Each requires a complex, multidisciplinary approach to policy development and execution.

Economic policies are unlikely to succeed if driven by the federal government alone. In any analysis of the long-term financial implications of current federal tax policy and expenditure requirements, states, regions, and local governments clearly have a vital role to play in financing policy and developing program strategies for most nondefense initiatives.

We need new forums where local, state, and federal leaders openly debate strategies to address national priorities.

State and Local Government Leadership

Leadership from state and local government is needed to test new approaches and to develop solutions that Americans will accept. Already, many state governments are experimenting with new ways to provide health care to uninsured residents, giving a high priority to children's needs. Likewise, state and local governments are seizing the initiative to reduce carbon emissions through new legislation, such as banning idling in urban areas.

To make progress on climate change and sustainability issues, the United States will require a rarely seen collaboration among the levels of government and the private sector. A recent National Academy of Public Administration (NAPA) report on environmental management, *Taking Environmental Protection to the Next Level: An Assessment of the U.S. Environmental Services Delivery System*, described the traditional regulatory strategies of the U.S. Environmental Protection Agency and the states as a prerequisite to implement changes, but insufficient to deal with today's environmental challenges. Unprecedented dialogue and shared commitment to goals and strategies across 50 states and thousands of local governments are required to achieve significant results.

The wildfires last fall in California remind us of the complexity of our system of emergency response. In that disaster, we took pride in seeing an effective emergency response. The state of California and its local governments have an excellent reputation for emergency preparedness, and they worked well with their federal partners. However, when we consider the response to Katrina, we must acknowledge that our emergency management system has serious weaknesses. Federal, state, and local response and recovery strategies should not be unpredictable and idiosyncratic. Collaboration among the public, private, and nonprofit sectors should be practiced and expected. Open communication and discussion among all of these sectors should be the norm in developing national policy.

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Working across Boundaries

One reason we struggle with these issues is that we pay scant attention to the difficulty and the importance of working together and across boundaries. Few forums are available for local, state, and federal leaders to openly debate strategies to address national priorities. To date, we have heard little in the presidential campaign on how the candidates will build the capacity to work on issues that require extensive and sustained collaboration among all levels of government and with the private sector.

Progress in these areas will only be made by restoring the relationships among all the intergovernmental partners and developing the institutional capacity to leverage these relationships to improve outcomes. For Americans to see progress in the areas most important to them, we need a renewed commitment to work together on common goals. The success of the next president's domestic agenda will largely depend on the ability to build support across the intergovernmental system. A full understanding of the delivery system is essential because most major federal programs rely on states and local governments to bring services to our residents.

Plan for Action

It's time for action:

- ◆ Create an Intergovernmental Policy Council modeled after the Domestic Policy Council; staff it to support a consistent dialogue and to develop recommendations and supporting strategies that require intergovernmental and cross-sector execution.
- ◆ Establish a working panel of representatives from the major state and local government organizations to meet quarterly to assess progress on major issues requiring intergovernmental collaboration.
- ◆ Develop an institutional ability (perhaps through NAPA) and metrics to assess the capacity of the intergovernmental system to meet the needs of the American people.

The stakes are high. The patchwork approach of recent years endangers our security as well as our social and economic well being. It is time for honest dialogue and pragmatic solutions.

The Challenge of Managing across Boundaries

by Mark A. Abramson and Alan P. Balutis

Starting in summer 2007, Cisco's Internet Business Solutions Group—the firm's global consulting arm—sponsored a series of seminars to bring leading thinkers on public management together with government and industry executives. Seminar discussions ranged from how a new administration might organize the next management improvement initiative to specific management issues, such as performance management, application of new technologies, and managing a blended workforce of contractors and civil servants.

The seminars also focused on which management initiatives set forth by the current administration should be continued by the next president. The participants agreed that the next administration would need to address government's antiquated personnel system, develop new ways to measure and improve performance, and strengthen the acquisition process.

This article focuses on one of the top challenges facing the new administration: managing across boundaries. Many seminar participants observed that government today is in many ways similar to government in the 1950s. Although computers now rest on the desks of government executives, legislators, and their staffs, the executive and legislative branches operate much like they did during most of the twentieth century. Both branches need to dramatically change to meet the anticipated demands and complexity of the twenty-first century. No organization in the federal government today can accomplish its program objectives without increased collaboration internally and with organizations in other parts of government, including Congress and state and local government, as well as the public and nonprofit sectors. Thus, boundary spanning needs to increase.

Government in the twentieth century was characterized by the traditional command-and-control hierarchical bureaucracy. Seminar participants agreed that government must now move to working in networks and collaborating with, not commanding, other organizations. One participant argued that the current hierarchical model of bureaucracy is now obsolete. Technology, such as social networking and collaborative software tools, can serve as enablers to increase collaboration and provide the ability to work across boundaries.

The federal government can't accomplish its program objectives without increased collaboration inside and outside the executive branch.

Between Branches

The participants generally agreed that Congress and the executive branch need to work closer together to develop new approaches to management in government. One example cited was the inability of the executive and legislative branches to agree on new ways to fund multi-agency or government-wide initiatives. Government is still encumbered by a twentieth-century system of accounts, which links funding to specific programs in specific agencies. Thus, funding a government-wide initiative that “spans” accounts and cuts across multiple departments and agencies is difficult. During the Bush administration, traditional budgeting and accounting systems created problems for funding the administration’s e-government initiatives involving multiagency participation. Negotiations between the U.S. Office of Management and Budget and Congress did not succeed in creating new approaches to funding these government-wide boundary-spanning initiatives. The executive branch and Congress also need to cooperate on goal setting and using the framework enacted in the Government Performance and Results Act to enhance communication and oversight between the two branches.

Between Departments

Another challenge for the next administration will be to find new ways for executive branch departments to work across departmental boundaries. During the seminar series, two types of boundary-spanning activities in government were discussed.

The first involves administrative boundary spanning, which includes activities such as agencies sharing services or providing one-stop Web portals. Although the Bush administration made progress in this area through its government-wide enterprise activities and increased the number of government-wide portals, much remains to be done.

The second concerns solving national problems that cut across single agencies. It was often said during the seminars that no national problem could be solved by a

single department or agency. An effective national response to any problem will require agencies working closely together and sharing information and perhaps staff members as well. The creation of the Office of the Director of National Intelligence (ODNI) was a step toward increasing communication and boundary spanning among government’s numerous intelligence agencies. One ODNI goal is to foster increased networking among intelligence agencies. One participant in the series commented that some agencies in the Department of Homeland Security appear to be working as silos rather than fostering networks both inside and outside of government.

A related theme was the importance of measuring government-wide performance, which goes beyond the performance of individual departments or agencies. Participants saw a need for government to begin to sum individual agency performance and report to the public on government-wide performance. One participant also noted that such information should focus on outcomes rather than the traditional outputs.

Across Governments: Federal, State, and Local

Throughout the seminar series, participants commented on the need for increased interaction between the federal government and state and local governments. As noted, national problems are indeed “national” by definition and require programmatic interventions at all levels of government. No problems today can be solved by the federal government alone. The consensus was that current relationships between levels of government require dramatic rethinking and increased attention by the next administration.

An example of effective boundary spanning across levels of government was the October 2007 fires in California. Unlike the Hurricane Katrina experience, the federal government worked much more effectively with state and local officials than it had done two years previously. With the increased importance of homeland se-

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curity and effective responses to emergencies, the need for greater coordination and closer collaboration with state and local governments will be another major challenge facing the next administration.

Across Sectors: Public, Private, and Nonprofit

Seminar participants also agreed that the federal government needs to increase the number of partnerships with other organizations in the private and nonprofit sectors. This is related to a major theme that evolved during the seminar series: that government was moving toward serving as a manager of networks in addition to providing services by itself. Another participant discussed his vision that the job of the next generation of government executives will be to leverage activities in various sectors to accomplish government goals and objectives.

Government contracting can be viewed as one type of partnership between the public and private sectors. Government contractors and government employees now work side by side with one another in the same office space. Such working relationships are likely to continue throughout the next administration. Thus, government will face the challenge of managing a blended workforce in future years.

Twentieth-century government can be characterized by its command-and-control hierarchy. The challenge for the next administration will be to determine the most effective form and function for twenty-first-century government, which will surely have to employ collaboration and networking to span boundaries.

Forum:
The Next President's Management Agenda

A New Model for Government

by Alan P. Balutis

Two Tsunamis

The new president, coming into office on January 20, 2009, will face two “tsunamis.” Linda Springer, the head of the U.S. Office of Personnel Management (OPM), has described the forthcoming “retirement tsunami” in recent speeches. According to many experts, 60 percent of the federal government’s rank and file workforce and 90 percent of its top managers will be eligible to retire in the next decade. OPM projects that nearly 61,000 full-time permanent federal employees will retire in fiscal year 2008 (FY08) and that the number of retirements will peak between 2008 and 2010—just as the incoming president is seeking to launch the new administration. Over the next five years, the federal government could lose more than 550,000 employees at a time when it is locked in a fierce contest with the private sector for new employees.

The second potential tsunami is the large—and growing—long-term fiscal imbalance driven by an aging population, which will dramatically increase health care and retirement costs. “The government is on an unstable path,” says

The twenty-first century government will have to cope with two “silver tsunamis,” among other things.

the recently released *Federal Government's Financial Health*. This report, prepared by the U.S. Department of the Treasury and Office of Management and Budget (with the assistance of the Government Accountability Office), puts the challenge in stark terms:

“ This year, 2008, is the year in which the first of the approximately 80 million baby boomers—those born between 1946 and 1964—become eligible to draw Social Security benefits. Scheduled Social Security and Medicare benefits together with other federal programs projected long-term costs are much greater than the resources (revenue and borrowings) available to pay for them. Unless action is taken to bring program costs in line with available resources, the coming surge of entitlement spending will end in a fiscal train wreck that will have an adverse effect on the U.S. economy and on virtually every American. ”

In 2019, the Medicare Part A trust fund, which finances inpatient hospital services for elderly Americans, will not have enough money to pay full benefits. In 2041, the Social Security trust funds will not have the assets to pay full benefits. In 2080, the total cost of government will be more than three times the revenue.

Other Challenges

The new president will certainly face other challenges: the continuing war on terror, increasing economic competition from emerging world powers like China and India, rising energy costs, environmental concerns, and unknown new problems and threats. As the baby boom generation retires and health care costs rapidly rise, Social Security, Medicare, and Medicaid programs—as well as interest on the national debt—will account for a growing portion of government cost, creating immense budget pressure on initiatives to fund the other challenges. Interest on the debt in FY09 will total \$260 billion—about what will be spent by the U.S. Departments of Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, and Justice combined.

Any one of the challenges would be a large enough agenda for a new administration, without the looming tsunamis. Their convergence creates an environment of unparalleled complication for the president and govern-

ment management. Just look at the partial list of twenty-first century challenges prepared by the GAO:

- ◆ Large and growing long-term fiscal imbalance
- ◆ Evolving national and homeland security policies
- ◆ Increasing global interdependence
- ◆ The changing economy
- ◆ Demographic shifts
- ◆ Science and technology advances
- ◆ Quality-of-life trends
- ◆ Diverse governance structures and tools.

The next administration, then, will have no shortage of problems to solve. The question is whether it will adapt new approaches to the management of government to meet the challenges it faces. Facing these challenges will require a “changed” government, a twenty-first century government transformed to operate on demand. With confidence in government at a historic low, the time for action is now.

Moving Toward a Transformed Government

In the aftermath of September 11, we heard again and again that government needs to be better managed. “Everything has changed” was the constant refrain. “Never has American history seen a time when management has been more important but the stock of new ideas has been so low,” argues Professor Donald Kettl of the University of Pennsylvania in the opening article of this forum on the need for a new “management agenda” for the incoming forty-fourth president of the United States.

This forum, which appeared initially in the winter 2007–08 and spring 2008 issues of *The Public Manager*, was organized and assembled by Cisco’s Internet Business Solutions Group (IBSG), the company’s global consulting arm.

What characteristics would a transformed “twenty-first century” government have? Although the outline of such a government is becoming clearer, the literature has yet to describe a real model. What are some of the elements of such a government? In the past year, several texts—the IBSG study, *The Connection Republic 2.0; The End of Government ... as We Know It*; “The Next Government of the United States”; and others from the IBM Center for the Business of Government—have offered various visions:

- ◆ Several trends are transforming government: (1) the “rules of the game” are changing in human

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capital, financial management, and organization structure; (2) performance management is increasingly used; (3) governments are taking market-based approaches, such as competition, choice, and incentives; (4) government is moving from business as usual to performing on demand; (5) citizens are becoming more engaged; and (6) governments are using collaborative networks and partnerships to deliver services and solutions.

- ◆ These trends—and the formidable challenges facing the nation—will drive government to reconfigure itself to serve the needs of its citizens in the twenty-first century. As Professor Kettl has put it, “At the core is a fundamental problem: the current conduct of American government is a poor match for the problems it must solve.” Thus, Kettl notes five imperatives for the performance of government in the twenty-first century: (1) a policy agenda that focuses more on problems than on structures; (2) political accountability that works more through results than on processes; (3) public administration that functions more organically, through heterarchy, than rigidly through hierarchy; (4) political leadership that works more by leveraging action than simply by making decisions; and (5) citizenship that works more through engagements than remoteness.
- ◆ A new, transformed, on-demand government would have different characteristics than today’s government. It would be responsive, agile, resilient, flexible, dynamic, flatter, more connected, less hierarchical, dynamic, seamless, more personalized, and transparent.
- ◆ Such a transformed government might deliver services by three different approaches to policy implementation: reinvented government, government by network, and government by market.

These trends will drastically affect what it is like to work in the public sector. New forms of coordination and control will evolve. Governments will place a premium on the skills of orchestration and facilitation and the ability to recognize the credibility and authority of sources of policy insight and advice outside the formal structures of the public sector. New accountability methods will be developed to match the radically dispersed and collaborative nature of public purpose work. Governments will need to make their own workplaces flat-

ter, more connected, and less hierarchical, more in tune with the values and behavior of the talented people that need to be attracted to the public sector.

Model Framework

In the Cisco seminar series, participants provided some of the needed “new and big ideas” on government management that Professor Kettl felt were lacking. They also surfaced ideas and recommendations on how government might go about accomplishing this transformation: what the president and the administration’s management team should do differently and the topics that deserve their attention early in the first term.

In the process, they began to describe a new model for government. There is no reason that government cannot operate with as much speed, responsiveness, and resiliency as the private sector. In fact, there is no reason government should not be the leader when it comes to technology adoption, human capital management, and service delivery. These ideas can be grouped into four pillars:

- ◆ Human resources
- ◆ Acquisition (including program and project management)
- ◆ Technology
- ◆ Execution.

Human Resources

The federal government is the nation’s largest employer. As noted previously, it will lose an estimated 550,000 employees over the next five years due to retirements. With this kind of turnover looming, government needs to expand the search for talent, but the market for recruits has never been more competitive.

When the economy is strong, many recent college graduates are attracted to the greater compensation of the private sector. Government employment is like pirate treasure: difficult to believe in, impossible to find, and hard to acquire. The government’s lengthy and difficult job application process, including the time to obtain security clearances, does not inspire college graduates to join the federal work force.

The Chinese write the word “crisis” with two characters, one of which means “danger” and the other “opportunity.” The pending workforce crisis (the retirement tsunami) can also be viewed as a tremendous opportunity—to reshape the federal government, to flatten hierarchies, to remake the way government and citizens interact, and to change the culture of the bureaucracy. It

is an opportunity to mold government into a high performance organization, to create a more resilient workforce and to make government itself more resilient. It is an opportunity to create a twenty-first century government driven by a twenty-first century workforce. It is an opportunity not presented since the Hoover Commission studies of nearly seventy years ago and likely not presented again for another generation.

Changing Workplace

Consider how the world has changed in the last thirty years—since the work of the Grace Commission in the early 1980s and the launching of the Reform '88 initiative in the first term of the Reagan administration. In the 1980s, people came to work at a central office, and the major role of the U.S. General Services Administration (GSA) was to manage or build the multitude of federal buildings and offices to house all those workers. Telework was largely unknown. Research was conducted through books and libraries.

Contrast that with the world today and what an information technology consulting firm, the Gartner Group, terms “Future Worker 2015.” Long distance travel is common. Personal computers and cell phones are ubiquitous. Telework is routine. Business partners are as likely to be on different continents as in different cities. Research reports are built with graphics, sounds, and multimedia that have been gathered within minutes on the Web or through electronic interactions.

In a twenty-first century government, human resource and management policies could become a differentiator in the government’s ability to attract the best workers (regardless where they live and when they work) and to support their expectation of working with the same productivity, multitasking, and mobility tools they grew up with.

Changing Technology

In this special issue, Dr. Robert Childs and his colleagues at the Information Resources Management College, National Defense University, argue that “a new generation of professionals is reshaping government workplaces, markedly changing the expectations of individual and organizational behaviors.” They outline the “future workers” distinct perspectives and expectations:

“These digital natives were raised with technologies such as iPods, smartphones, Blackberries, Ultra-Mobile PCs, wikis, blogs, virtual worlds, and communities of prac-

tice and will use them as readily as digital immigrants use fax and e-mail. While in college, the workers of the future likely employed social networking applications such as MySpace, Facebook, LinkedIn, and Second Life for career development and social engagement; they subsequently will expect such technologies and capabilities to be available and used in the workplace to increase their productivity and match their life styles.”

“Workers of the future will expect collaboration and instantaneous communication, both face to face and virtual, from coworkers and supervisors alike. As a result, leadership will become less stratified, and the lines between home and work and work and play will become more permeable.”

Childs and his colleagues note numerous implications, the most important of which involve innovative leadership, technology adoption, increased education and training, and flexible human capital management. On this last point, they argue that “the twenty-first century workplace must welcome and implement flexible, forward-looking human capital management strategies that anticipate and address employees’ professional and personal needs.”

Demographic and Performance Changes

Elsewhere, W. Frederick Thompson, a Cisco advisory fellow, calls for broad-based reform in the federal civil service and notes, “A new president has a unique opportunity to leave a lasting legacy by taking bold actions to improve the ability of government to attract, retain, and develop a topnotch workforce.” Thompson sets forth six innovative actions the next president can take to handle the impending demographic and performance crisis:

- ◆ Attack one problem at a time. The first and most important step is to create a rational compensation and leadership structure.
- ◆ Abandon old fights about union representation. Instead, engage employees and unions in the design of future solutions that all agree are fair and offer appropriate redress of arbitrary or unfair treatment.
- ◆ Challenge outdated assumptions and build a new structure that recognizes the needs and interests of twenty-first century workers and that they will move between federal and private sectors jobs.
- ◆ Move to an occupational, market-based system.
- ◆ Create fair rating systems (plural). Objectivity, adaptability, flexibility, and transparency are the hallmarks of an effective employee performance rating system.

- ◆ Emphasize career-long development to encourage broad leadership and management proficiency, keen analytical skills, program and administrative knowledge, and judgment.

Steve Benowitz, a former government senior human resource executive, set forth some related actions at one of the seminars in the Cisco series:

- ◆ Restrict Veterans Preference to one-time use.
- ◆ Reinstate the Professional and Administrative Career Exam (PACE) to ease hiring into administrative occupations.
- ◆ Repurpose the funds being sought for a U.S. Public Service Academy (about \$210 million per year) into the education and training of federal employees.
- ◆ Offer cafeteria benefits with a set limit on government contributions, with a yearly open season.
- ◆ Reduce the levels of political leadership, limiting it to the assistant secretary level and above.

Thompson and Benowitz assume that a transformed government will include an aggressive and robust telework policy that allows single parents, those with limited mobility, and others to be as productive from their homes as they would be in a central office. Telework will have shifted into overdrive.

Telework is no longer just a way to keep up with the private sector and create a flexible work environment for federal workers. It is the cornerstone of continuity of operations planning (COOP). In fact, the two terms have become so intertwined that a new word—TeleCoop—has entered the management vernacular as the government looks toward telecommuting as a necessary way of dealing with disasters, particularly long-term emergencies such as pandemic flu, risk mitigation of human assets, and “social distancing.”

Acquisition

The loss of experienced contracting officers and program/project managers is already being felt, according to a recent report by the Federal Acquisition Institute. Crunch time for the federal acquisition workforce may come a bit later: retirement eligibility for contracting officers jumps sharply from 13 percent this past year to 54 percent in 2015.

For government procurement, a wave of retirements could be especially critical. Contracting officers oversee about \$400 billion a year in spending, and not enough

mid-career professionals may be left to replace retirees because of budget and staff cuts in the 1990s that thinned those ranks. According to recent data, the federal acquisition workforce hardly grew at all during the past year, in stark contrast to the growth rate in contracting dollars and actions. OPM data analyzed by the Federal Acquisition Institute showed that the number of procurement professionals in government rose less than 1 percent in FY06. The report says that new statistics support observations that acquisition workloads have grown larger and more complex, and agencies need to identify crucial skills, recruit and retain employees, and plan for change as the nature of acquisition work continues to evolve. The number of federal acquisition personnel has increased about 3 percent since FY99, while federal contracting dollars more than doubled.

Acquisition Workforce

Shirl Nelson, a distinguished fellow at Acquisitions Solutions, Inc., put it starkly in her forum article:

“The key challenge for federal acquisition is rebuilding the workforce to give it the right size and right skills. There simply are not enough people to do the work, which greatly increased in volume and complexity at the same time that the workforce was slightly declining. Some of those remaining in the workforce lack the skills to handle task order awards, much less the award of original contracts to support major programs.”

Nelson proposes the following solutions:

- ◆ Address the resource needs of the acquisition workforce, in number of employees, training funds, and a government-industry exchange program.
- ◆ Strike a better balance between oversight and mission needs.
- ◆ Invest in the workforce with organizational improvements that address the need for learning and growth, inspire innovation and achievement, and provide guidance and tools.
- ◆ Follow the practices and model the behaviors that produce results.

Acquisition Contractors

In the forum, Dr. Allan Burman, former head of the Office of Federal Procurement Policy at the Office of Management and Budget (OMB) and now president, Jefferson Solutions, asks, “Has the government reached a ‘tipping point’ regarding an overreliance on contractors?” He notes that it has been more than 15 years since OMB

issued government-wide guidance for executive branch officers and employers to help them avoid making “an unacceptable transfer of official responsibility to government contractors.” This, of course, is the policy letter on “inherently governmental functions”—those that are “so intimately related to the public interest as to mandate performance by government employees.” Burman asks, “Is it time for another look?” and “Do changed circumstances today require the government to rethink the policy?” A growing consensus is that the answer to each of Dr. Burman questions is yes.

Technology

A recent *Wall Street Journal* special report, “Thinking about Tomorrow,” begins as follows:

“Let’s get this out of the way first—in the next ten years, no one will travel to work by jet pack or have robot maids that serve dinner. But technology will continue to transform the rituals of everyday life—sometimes in startling ways.”

Technology will continue to bring about major changes in government and in governance, just as it did in the twentieth century. The technology landscape for an incoming president in 2009—limited telework efforts, parallel processing, data mining/warehousing, business intelligence software, mobile computing, and so on—will change in the first and (potentially) second terms. In its place, the nation’s leaders will encounter new strategic information and communication technologies that will change government: Government 2.0, green IT, distributed cocreation, ubiquitous bandwidth, virtual space and simulation, smart environments, and the like.

E-Government Trends

In our forum, two current government chief information officers (CIOs) and a former e-government stalwart offer up their views. John Sindelar, an executive at EDS, reviews e-government trends and tacks progress since 2001 when this current president came into office. He argues as follows:

“The next administration may repackage the e-government effort and alter the strategy for implementation, but it cannot deny that the effort is necessary and strategic for the efficiency, effectiveness, and security of the United States. Although the pace of change seems slow and incremental, we are in an era of government transformation.”

A major priority of Dan Mintz, CIO at the U.S. Department of Transportation, is Government 2.0, which he sees not as “an isolated phenomenon but the next step in a continuum the Internet is forcing on all organizations as it continues to have an increasingly disruptive impact.” His view is that the second generation of Web access will change the way government delivers service and its relationship with the American public. Mintz writes:

“The next administration will face two ... challenges ... first, how best to build a government organization that can tolerate failure, at least in small doses, and second, how to make a government agency or department organizationally agile.”

He concludes that the real impact will be in the organization—turning inside out the classical approach to organizational structures and business relationships—and in how government services are delivered and ultimately how they relate to and with the American public.

Tom Hughes, CIO at the Social Security Administration, calls for “even more vision and commitment from the next president”—to improve the management and effectiveness of the federal government. Hughes also calls for the next CIO Council to “leverage broadband capability to the populace and improve government service delivery.” High speed communication (broadband) to the public can affect educational opportunities, medical care, economic development, public safety, and, of course, electronic government.

Martha Dorris, deputy associate administrator for the Office of Citizen Services at GSA, charts trends and innovative approaches in transforming government’s delivery of services to its citizens. These trends and approaches are based on the activities and actions of twenty-five nations across the world. Dorris identified five key factors for success in providing responsive services to citizens, resulting in higher citizen satisfaction with government overall:

- ◆ Know the customer—the citizen is king.
- ◆ Measure customer satisfaction to ensure continual improvement.
- ◆ Understand new technology trends—especially in Web 2.0.
- ◆ Let the public know what’s available.
- ◆ Share best practices across government.

Changing Business Models

From the availability of secure communications “anywhere, anytime” (broadband and wireless); to the network phenomenon changing when, where, and how we collaborate and transact business; to rich and social media concepts (video anywhere, presence awareness and instant messaging, pod cast, wikis, blogs, shared bookmarks, etc.); to changing how we experience each other and transactions, technology has enabled revolutionary business models for government and elevated citizen/customer expectations.

Governments must now change their business models from those of the last 50 years to those that will characterize the twenty-first century and beyond. They must uncouple business processes and workers from their government offices, establish mobility policies, and institute programs and business practices that incorporate the enabling technologies. They must change paradigms for the following:

- ◆ The workplace, real estate and facility management, and cost footprints
- ◆ Citizen and employee productivity
- ◆ Human capital management, employee recruitment and retention, and career mobility
- ◆ Business resiliency and mobility, including telework
- ◆ Preservation of the natural environment, fuel and energy consumption, and traffic congestion
- ◆ Social inclusion—how all citizens, regardless of economic status or locale (rural or urban), interact, receive services, and voice their rights
- ◆ Economic development in the global marketplace and managing innovation
- ◆ Healthcare—comprehensive, affordable, effective, and timely for every citizen.

Robert Childs and his IRMC colleagues summarize the changing workplace in the near future:

“In both government and industry, the most successful organizations will effectively attract, hire, manage, and retain the future workforce in a way that allows the organization or agency to respond to consumer pressures in an agile, flexible manner. Workforce adaptation and technology adoption are key determinants of the thriving, future globally oriented workplace, as evidenced by the employee-empowered, flexible business practices of organizations such as Google, Cisco, and UPS.”

Execution

In the end, the goal is improving government’s performance and achieving results. Progress has been made since the enactment of the Government Performance and Results Act. This administration has improved its performance measurement system, the Program Assessment Rating Tool (PART), and has taken steps to make government more transparent—setting up a Web site to post the PART scores and results and beginning to put financial data on line. But how do we move beyond better measurement to better management?

American University’s Robert Tobias sees the answer in presidential leadership, a president who focuses as much on execution, performance, and management as on policy.

Robert O’Neill, executive director of the International City/County Management Association, argues that making progress on issues that matter to Americans requires a collaboration among the levels of government and private sector that we have rarely seen. We will achieve our goals on such issues as economic security, health care, and climate change only if we restore the relationships among all the intergovernmental partners and develop more institutional capacity. “The success of the next president’s domestic agenda will largely depend on the ability to build support across the intergovernmental system.”

Mark Abramson and I argue that the top challenge facing a new administration is that of managing across boundaries:

“Many seminar participants observed that government today is in many ways similar to government in the 1950s. Although computers now rest on the desks of government executives, legislators, and their staffs, the executive and legislative branches operate much like they did during most of the twentieth century. Both branches need to dramatically change to meet the anticipated demands and complexity of the twenty-first century. No organization in the federal government today can accomplish its program objectives without increased collaboration internally and with organizations in other parts of government, including Congress and state and local government, as well as the public and nonprofit sectors. Thus, boundary spanning needs to increase.”

“Government in the twentieth century was characterized by the traditional command-and-control hierarchical bureaucracy. Seminar participants agreed that government must now move to working in networks and collaborating with, not commanding, other organizations. One participant argued that the current hierarchical model of bureaucracy is now obsolete. Technology, such as

social networking and collaborative software tools, can serve as enablers to increase collaboration and provide the ability to work across boundaries. ””

A twenty-first century government must span boundaries and be characterized by collaboration and networking.

A Government for the Future

At conference after conference, participants opine that what the government needs in order to improve is—not new legislation, regulations, or another presidential initiative—a change in the *culture*. To change the culture, we need to abandon old thinking, old ways of doing business, and old management styles.

Changed Model for Government

In this special issue of *The Public Manager*, we have begun to describe a new, changed model for government:

- ◆ One that operates with as much speed, responsiveness, and resiliency as the private sector
- ◆ One that leads in human capital management (both of its own employees and those in a “blended workforce” made up of contract and government employees), technology adoption, and service delivery.

Four-Part Agenda

We have detailed the foundation for a management agenda for the incoming forty-fourth president of the United States, who will take office on January 20, 2009. The four pillars of that agenda are as follows:

- ◆ Human Resources
- ◆ Acquisition (to include program and project management)
- ◆ Technology
- ◆ Execution.

Key Elements

This new, transformed, on-demand government will differ from that of today. Its new characteristics are many and varied:

- ◆ Responsive
- ◆ Agile
- ◆ Flexible
- ◆ Dynamic
- ◆ Flatter
- ◆ More connected
- ◆ Less hierarchical

- ◆ Seamless
- ◆ More personalized
- ◆ Transparent
- ◆ Resilient
- ◆ Collaborative
- ◆ Accountable.

It must be agile and accountable to meet the problems and challenges that will develop and evolve more rapidly than our traditional model of government can cope. The new government needs to be more nimble and responsive. The failures following 9/11 and Katrina make clear that management lapses can impose serious political consequences, and greater accountability is called for.

In acquisition, government must do a better job of engaging and managing a contract workforce that now works in partnership with government employees to deliver essential services to our citizens and businesses.

To achieve results, government must be able to execute. It must be able to deliver on the policy promises made in the campaign and party platform. It must focus on management, not only because citizens are skeptical, but also because difficult economic and budgetary times and new challenges demand it.

For the people, the pending workforce crisis provides an opportunity to reshape government, flatten hierarchies, remake the way government and citizens interact, and change the culture of the bureaucracy.

AARP Government

This is our new model—an AARP government!

The new generation is more open to information sharing and collaboration through blogs or wikis—a Web 2.0 approach. Don Tapscott, coauthor of *Wikinomics: How Mass Collaboration Changes Everything*, dubs this “the Net Generation” and “the Wiki Workplace.” Many of these new recruits will be first- and second-generation Americans; many will be women and minorities. Again, this is an opportunity to embrace multiculturalism in a connected, integrated federal government community.

Our next president will have an opportunity to reshape the government, public services, and policies that limit our global competitive posture. In January 1961, President John F. Kennedy in his inaugural address inspired a whole generation of young people to enter public service with his call to “ask not what your country can do for

you—ask what you can do for your country.” Almost 50 years later, in January 2009, our new president must rally and challenge a new generation to join in creating a twenty-first century government—an AARP government to meet the challenge of the two silver tsunamis.

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Forum:
The Next President's Management Agenda

Toward a Transformed Government: A Vision for the Future

by Mark A. Abramson, Alan P. Balutis, Stephen Benowitz, William Boddie, Allan V. Burman, Robert Childs, Jeanne Contardo, Martha Dorris, Tom Hughes, Elizabeth Kellar, Donald F. Kettl, Daniel Mintz, Shirl Nelson, Stephen W. T. O’Keeffe, Robert J. O’Neill Jr., John Sindelar, W. Frederick Thompson, Robert Tobias, and Simon Willis

For the past year, Cisco Systems’ Internet Business Solutions Group (IBSG) has undertaken an initiative consisting of a seminar series, research papers, coalition building, and a Web site devoted to new ideas for government. This initiative has led to a vision of a transformed government for the twenty-first century.

There are many ways to think about what this twenty-first century government might look like. One is to examine its characteristics, as Alan Balutis does in his article, “A New Model for Government,” which sees this governments as responsive, agile, flexible, dynamic, flatter, more connected, less hierarchical, seamless, more personalized, transparent, resilient, collaborative, and accountable.

These attributes are clearly desirable in government. They are not new: many have been discussed since the 1990s when the Clinton-Gore administration launched the National Performance Review. The current administration also supported them as part of its *President's Management Agenda*. So,

This special issue concludes with a five-step roadmap the federal government can follow to begin transformation.

although the attributes are clearly worthy of achievement, a road map for achieving them has not been drawn.

What needs to be done? The federal government can take five steps to get on the road to transformation (see box).

Five Steps Down the Road to Transformation

1. Create a different culture by taking advantage of the need for new hires.

The next four years will bring an increase in retirements (the retirement “tsunami”), which will offer a unique opportunity for government to recruit individuals with the desired set of skills and behaviors. Historically, the results of orientation and training of new hires have been mixed. They often receive little or no preparation for the government workplace. (“Sign these many forms. Let me show you the restrooms. Now get to work!”) This can change. For example, two-week orientation sessions can be designed that explore what it means to be a “resilient and flexible employee.” Skills needed to collaborate and be more responsive and agile can be discussed. The government needs to provide skills and behavior training and a cultural orientation in addition to the traditional technical training many employees receive. Our Department of Defense sets the precedent: training and professional development of our career military takes months or years, compared with the developmental training for government civilians, which is often measured in hours or days, weeks at best.

2. Give all employees new collaborative technologies.

We know that the “millennials” will furnish the majority of new hires to government. We also know that these young people have grown up using computers and collaborative technologies. The challenge for government will be learn how to apply these tools—social networking, wikis, blogs, and virtual worlds—to make government more connected and less hierarchical. That government will become less hierarchical, whether it wants to or not, has long been hypothesized because information is now available to all—government employees and citizens. The “boss” can no longer hold or portion out information for bureaucratic reasons. The access to information will change the way government operates and will require consideration of new security and privacy issues and reengineered processes.

3. Develop new relationships between the government and its contract workforce.

A major challenge for the new administration will be to forge a true partnership between employees and contractors. To do so, it will have to transform a relationship that today is adversarial rather than collegial. The number of federal employees may increase in the coming years, but the government is likely to continue to use contractors, and the trend toward a “blended workforce” will remain. A proactive approach is needed to help government employees and contractors better understand their respective roles and find ways to work together effectively. We need to build and train our contract officers and program managers, discussing anew what constitutes “inherently governmental.”

4. Enhance collaboration between the federal government and state and local governments, as well as with the nonprofit and private sectors.

The federal government alone cannot effectively respond to all the challenges now facing the nation, ranging from sustaining the environment to combating terrorism. Citizens have more interactions with their local and state governments than they do with the federal government, which argues for a local-state-federal approach rather than the other way around. The next administration must develop new ways to improve intergovernmental collaboration to meet these challenges. Most of the successful collaborations over the past decade have been ad hoc and due to the determination of a dedicated, collaborative team. The next administration should learn from these efforts and ensure that such working relationships become the norm rather than the exception. This same concept also applies to the federal government’s work with the nonprofit and private sectors. A transformed federal government should no longer try to go it alone.

5. Become more citizen-centric.

Citizens want government to work effectively, seamlessly, and openly. They don’t care what happens in the “back office” but are concerned about how quickly their applications are processed, their claims are adjudicated, and their questions answered. A transformed government would focus on seamless and transparent interactions between government and citizens. And it would concentrate as much—or more—on responsible execution and operational excellence as on the initiation of new policies or programs.

Mark A. Abramson is president, Leadership Inc. He has served as the executive director of the IBM Center for the Business of Government and as the president of the Council for Excellence in Government. He can be reached at mark.abramson@comcast.net.

Appendix. About the Internet Business Solution Group

IBSG imagines ways of using connectivity and collaboration technologies to realize a better global society.

by Simon Willis

Global Group

IBSG's public-sector team has a core group of some forty senior advisers from around the globe. The majority are former senior public officials with a record of innovation and transformation in the public sector. We have leavened the mix with some deep technology expertise, particularly in broadband deployment and security. To this, we have added some seasoned strategy consultants and a few economists and scientists. The group includes those who have held the following positions: chief information officer (CIO) of Texas, head of e-Government of Portugal, several federal CIOs (including the editor of this monograph, Dr. Alan Balutis, former director of management and budget at the Department of Commerce and its first CIO), chief economist of the *Stern Review*, senior FBI agent, technology adviser from the cabinet of the French president, secretary general of the Swiss Finance Ministry, several head teachers, chief strategist of Ontario, and CIOs of a number of New York agencies, as well as alumni of PWC, KPMG, McKinsey, and Accenture. We also draw heavily on other IBSG and Cisco teams to enrich our engagements, particularly the service provider and financial services groups, as well as the technology innovation and economics and research teams.

By every measure, the group is deliberately diverse, and its modus operandi is to bring together a mix of skills on every project to maximize genuinely innovative thinking while ensuring we draw the right inferences from both our successes and occasional failures. We focus on quality and depth rather than quantity. The measures of success are its ability to achieve a position of trust and influence with senior decision makers, independently monitored customer satisfaction surveys, our clients' achievement of their objectives, and the replication of these success stories by others. Much of our project work is confidential, but we continuously publish the results of our thinking and others' reaction to it on www.theconnectedrepublic.org and www.newideasforgovernment.org. We encourage criticism and debate by our colleagues and customers.

Varied Expertise

The group's approach is based on the conviction that most of the intractable problems facing our society require the varied expertise and responsibilities of the public, private, and civil society sectors and academe—all orchestrated in a coherent and mutually respectful way. There are weaknesses in markets that require state assistance, protection, and infrastructure. There are also weaknesses in governments and governance that can benefit from the disciplines and innovations of the market. Both of these sectors must continue to learn from the explorations of non-governmental organizations, civil society groups, academic explorers, and others. As a company, Cisco strongly believes in social

innovation to achieve public goals, and we fund such projects in a number of countries on our own and in partnership with the World Economic Forum, Clinton Global Initiative, Young Foundation, and others.

Connectivity and Collaboration Technologies

We are driven by a conviction that connectivity and collaboration technologies offer radically new alternatives to the resolution of old problems. We believe that bringing concerned citizens, professionals, thinkers, and others together in the cocreation of new services and information flows will strengthen the interdependence and economic resilience of societies. Insights and possibilities emerge when people, ideas, and resources join together in new patterns of collaboration and action. Increasingly pervasive connectivity and collaboration will contribute to the fundamentals of healthy civilizations: better and continuous education, sustainable economic growth, and inclusive, mutually supportive, interdependent societies, countries, and regions.

We believe that the real significance of e-government goes well beyond the desire to improve the operational efficiency of public services. What will really matter is the impact on the institutions and practices of government of deep shifts in the relationship people have with knowledge, authority, and trust. The astonishing spread of new technologies in communication and collaboration enable and accelerate these shifts. With our customers and partners, we are trying to discern how the way we govern is changing in a world of YouTube, blogging, and the virtually instant creation and evolution of new communities of consent, influence, and action. We are exploring new models for government (both what it does and how it does so) in a world where the network—and the new ways in which it connects people, communities, knowledge, and services—changes everything.

We are also intrigued by the way work and the work environment are changing. We have a number of projects exploring how traditional public agencies and departments can benefit from the exponential increases in access to information and the more agile, mobile, and collaborative working practices that are being unlocked by connectivity and collaboration technologies. We try to learn from their experiences with how these conditions render management and leadership strategies, such as traditional vertical organizations and processes, increasingly less effective. At the same time, we are deeply respectful of the particular requirements and complexities of responsible and accountable public service.

Recent Projects

Some of our current and recent projects help to illustrate these points.

Lebanon

In Lebanon, we are working with many partners—including the government of Lebanon and civil society groups—to develop and implement well-targeted strategies to assist in the economic reconstruction of the country, inclusive and sustainable economic growth, a more effective education system, better security, and an attractive environment for successful Lebanese entrepreneurs. (See www.lebanonpartnership.org.)

West Virginia

In West Virginia, we have been working with Governor Manchin, First Lady Gayle Manchin, and others on implementing a state broadband strategy that draws on a transformational approach to schools, local businesses, continuing education, and the safety and security of citizens and assets. This approach is rooted on our experiences working on similar strategies in New York, Texas, California, and other states.

Sustainable Cities Worldwide

In partnership with the Clinton Global Initiative, Massachusetts Institute of Technology, Arup design partners, Victoria Transport Policy Institute, the cities of San Francisco, Amsterdam, Seoul, Lisbon, Birmingham, and others, we have been working on a radical multiyear, multimillion dollar program to look at how connectivity and collaboration can assist in the more environmentally sustainable redesign of the modern city. This program covers intelligent commuting, remote and home working, integrated transport systems, traffic management, and congestion charging as well as building redesign, workplace redesign, home design, and intelligent energy supply and demand systems. (See www.connectedurbandevlopment.org.)

India

In India, our team has been working on the massively ambitious National e-Governance Plan, which will, among other things, take a range of critical public services into over six hundred thousand rural villages in the subcontinent through a network of one hundred thousand broadband-enabled common service centers. In this project, as in most, we try to work with all the relevant sectors on establishing supply, demand, and self-sustainability.

And of course, there is this initiative to affect the management agenda of the incoming forty-fourth president of the United States. My thanks to Alan Balutis and his colleagues on the North American Public Sector team—especially David Carr and Gerald Charles—for their work to date and for this special issue of *The Public Manager* (www.thepublicmanager.org).




"Majestic." Mt. Everest, Nepal.
Image courtesy of the human network.

Standing ovation. Cisco salutes the contributors to this Special Issue outlining "A Management Agenda for the Next President." The human network is enabling us to work together in ways never before imagined. Thank you.

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